CITY OF FARMERS BRANCH, TEXAS

Comprehensive Annual Financial Report

For the Year Ended September 30, 2018

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City of Farmers Branch, Texas
Comprehensive Annual Financial Report

For the Year Ended September 30, 2018

City Council:

Robert C. Dye	Mayor
John Norwood	Mayor Pro Tem, District 3
Mike Bomgardner	Deputy Mayor Pro Tem, District 5
Ana Reyes	District 1
Bronson Blackson	District 2
Terry Lynne	District 4

Farmers Branch City Council 2017-18

First row (from left) Mayor Pro Tem John Norwood, Mayor Robert C. Dye,Councilmember Terry Lynne
Second Row (from left) Deputy Pro Tem Mike Bomgardner, Councilmember Ana Reyes, Councilmember Bronson Blackson

City Manager
Charles S. Cox

Prepared by
Finance Department
Sherrelle Evans-Jones, CPA
Director of Finance

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For the Year Ended September 30, 2018

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(concluded)

City of Farmers Branch
13000 William Dodson Parkway
Farmers Branch, Texas 75234

January 22, 2019

Honorable Mayor and City Council
City of Farmers Branch
Farmers Branch, Texas

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Farmers Branch, Texas for the year ended September 30, 2018. The purpose of the report is to provide the Council, management, staff, the public and other interested parties with detailed information reflecting the City's financial condition.

THE REPORT

The Texas Local Government Code (§103.001) requires annual audits of municipalities and the City Charter (Sec. 2-18) requires an annual audit of the books of account, financial records, and other evidence of transactions by a certified public accountant within 120 days of the end of the fiscal year. These requirements have been fulfilled and the independent auditors' report is included with this report for the fiscal year ended September 30, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Grant Thornton L.L.P. has issued an unmodified opinion on the City of Farmers Branch financial statements for the year ended September 30, 2018. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Farmers Branch (City) covers approximately 12.1 square miles and is conveniently located on Dallas' northern border. It lies in the heart of an 11-county area that has emerged as a premier commercial, financial, and trading center. Two major interstate highways (IH-35 and IH-635), the Dallas North Tollway and the President George Bush Turnpike, border the City. The Dallas/Fort Worth International Airport and the Dallas Love Field Airport are only minutes from

Farmers Branch. These factors all contribute to the favorable business climate existing within the City.

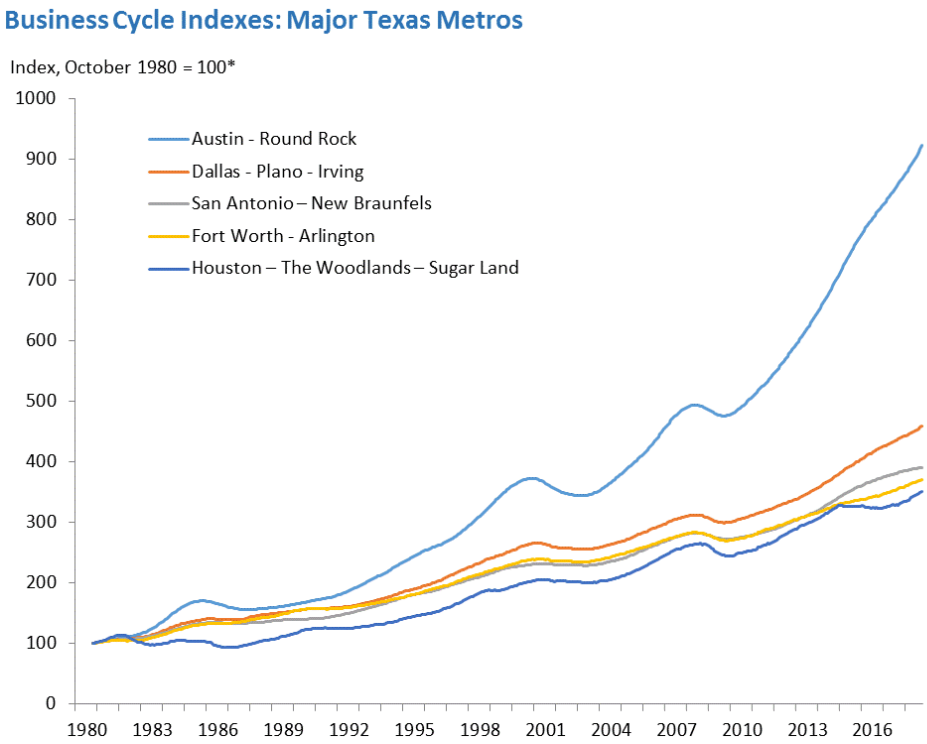
The City of Farmers Branch was incorporated in 1946 under the general laws of the State of Texas. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and five other members, all elected on a non-partisan basis. The term of office is three years, with the terms of two members expiring every year. Term limits allow two terms for at-large members and an additional two terms for an at-large member who becomes Mayor. The City Manager is the chief executive officer for the City.

Although the residential population has recently been estimated at 31,590, Farmers Branch serves a daytime population of 66,000 (per the United States Census Bureau's *American Community Survey – 5 Year Estimates*). The City provides a full range of municipal services including public safety (police and fire protection), streets, water and sanitary sewer utilities, stormwater utility, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative functions. The City of Farmers Branch also is financially accountable for Tax Increment Financing Districts No. 1 and No. 2, Tax Increment Reinvestment Zone No. 3, and the Farmers Branch Local Government Corporation, which are included as blended component units and the North Texas Emergency Communications Center, Inc. and North Dallas County Water Supply Corporation, which are included as joint ventures. Additional information on these five entities can be found in the notes to the financial statements (See Note 1.A).

The Council enacts the budget through passage of an ordinance prior to the start of each fiscal year. This budget serves as the foundation for the City of Farmers Branch's financial planning and control. Annual budgets are prepared for all governmental funds including the general fund, debt service fund, and special revenue funds. Capital projects funds are budgeted over the life of the project. The City Manager is authorized to transfer resources within each department. Council approval is necessary for all other transfers (See Note 1.D).

LOCAL ECONOMY

According to the Federal Reserve Bank of Dallas' November 2018 Regional Economic Update, "Growth in Dallas–Fort Worth remained widespread and brisk, with the metro area adding 9,500 jobs in October. Unemployment fell, and the Dallas and Fort Worth business-cycle indexes posted solid and above-trend growth. Housing affordability remained near record lows for Dallas and dipped in Fort Worth in the third quarter. Through September, growth in DFW housing permits was trailing the state's pace."



*Monthly, seasonally adjusted.
Last data entry October 2018.
SOURCE: Federal Reserve Bank of Dallas.

The City's broadly diversified economic base supports home furnishings, financial, high-tech, insurance, and telecommunications industries, and includes many of the nation's foremost businesses. Slightly more than seventy-nine percent (79.1%) of the City's tax base comes from the business community.

In fiscal year 2018, total general fund revenues of $58.7 million represented an increase of 10.6 percent from the prior year. General fund property tax revenues increased 6.4 percent due primarily to increased residential and commercial property valuations as compared to the prior year. Licenses and permits increased by 147.8 percent due to an increase in rates and increased construction activity.

The fiscal year 2019 budget estimates that general fund revenues will increase almost $3.7 million due to higher property values, increased building permit revenues, and sales tax revenue based upon an improved economy. The budget emphasizes investment in infrastructure and equipment needed to continually improve basic service to citizens. The fiscal year 2019 budget details water and sewer revenues at $1.5 million greater than fiscal year 2018 adopted budget due primarily to a six percent water and sewer rate increase. Water and sewer fund expenses are projected to increase by $1.2 million due primarily to increased wastewater treatment costs and increased funding for infrastructure.

LONG-TERM FINANCIAL PLANNING

Users of this document as well as others interested in the programs and services offered by the City of Farmers Branch are encouraged to read the City's 2018-2019 Fiscal Year Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. The City's

budget also includes long-term financial plans for the general fund that forecasts revenues and expenditures over a five-year horizon. The document can be obtained from the City of Farmers Branch finance department by calling (972) 247-3131. The budget can also be accessed through the City's web site at www.farmersbranchtx.gov and selecting the Finance department using the web site's "department quicklink."

RELEVANT FINANCIAL POLICIES

The City's fund balance/operating position concept continues to be an important factor in policy decisions. The concept notes that the City will strive to maintain a general fund unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual general fund expenditures plus other financing sources and uses. These monies will be used to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing, and assist in maintaining an investment-grade rating.

The City of Farmers Branch invests funds prudently and has adopted an investment policy, which is reviewed annually by the City Council as prescribed by State law. Staff provides a quarterly report of investments for Council review. The City's investment practice is to buy securities and hold them to maturity to avoid potential losses from a sale. During fiscal year 2018, the City complied with all aspects of the investment policy.

MAJOR INITIATIVES

In fiscal year 2018, construction of the Mercer Crossing planned development on the City's West Side is ongoing. The impact of this estimated $1 billion value development will be significant. Public improvements totaling $33 million (financed with public improvement district bonds) are being constructed with approximately $8 million completed. As properties are developed and sold, it is anticipated that close to 10,000 new residents and many new businesses will enter Farmers Branch creating new revenue and expanded needs for city services. This mixed-use development of 1,000 single-family homes, 2,250 apartment units, hotels, retail, office and restaurants is planned for build-out within the next four years.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmers Branch for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. This was the twenty-ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

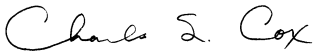
A Certificate of Achievement is valid for a period of one year only. The City believes its current CAFR continues to meet the Certificate of Achievement Program requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2017. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the finance department and our independent auditors. We would also like to express sincere appreciation to all employees who contributed to its preparation.

In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

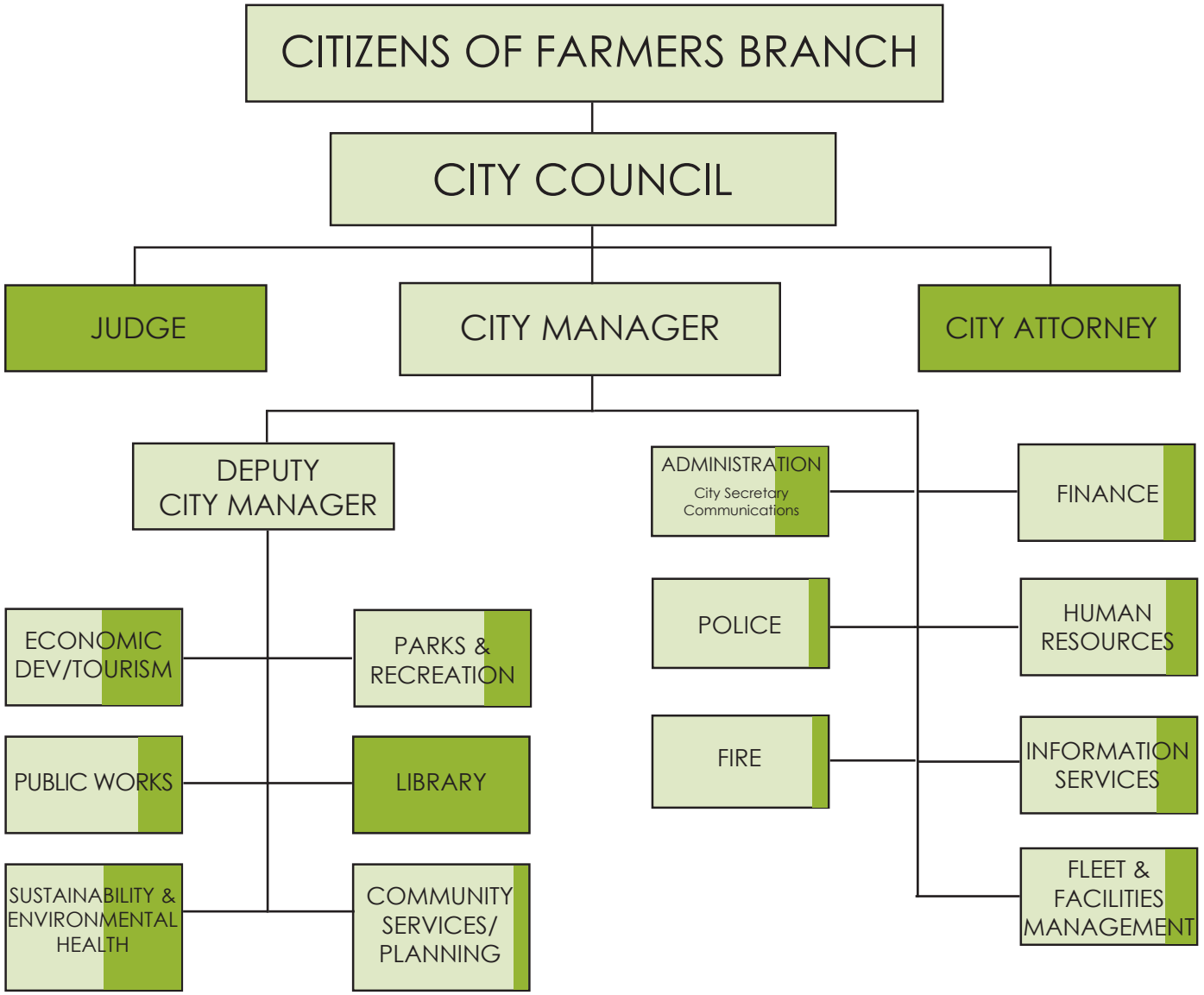
Sincerely,



Charles S. Cox
City Manager

Sherrelle Evans-Jones, CPA
Director of Finance

CITY OF FARMERS BRANCH
FY 2017-18 ORGANIZATION CHART



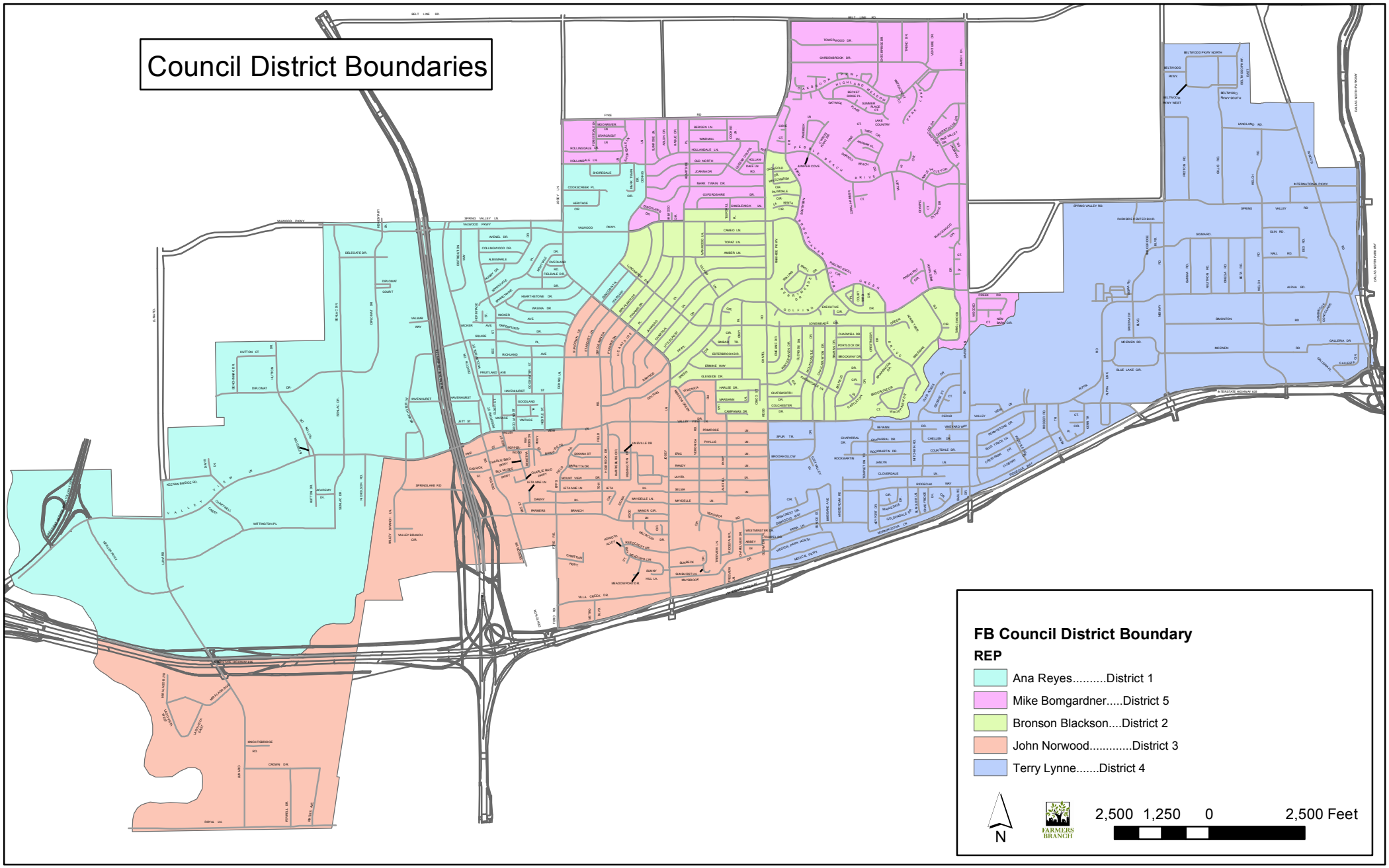
City of Farmers Branch, Texas
List of Principal Officials

City Council

Robert C. Dye	Mayor
Ana Reyes	District 1
Bronson Blackson	District 2
John Norwood	Mayor Pro Tem, District 3
Terry Lynne	District 4
Mike Bomgardner	Deputy Mayor Pro Tem, District 5

Appointed Officials

Charles S. Cox	City Manager
John Land	Deputy City Manager
Terry Carnes	City Judge
Amy Piukana	City Secretary
Tom Bryson	Communications Director
Hugh Pender	Community Services Director
Allison Cook	Economic Development & Tourism Director
Kevin Muenchow	Fleet & Facilities Management Director
Sherrelle Evans-Jones	Finance Director
Steve Parker	Fire Chief
Brian Beasley	Human Resources Director
Mark Samuels	Information Services Director
Jeff Harting	Parks & Recreation Director
Tina Firgens	Planning Director
David Hale	Police Chief
Marc Bentley	Public Works Director
Shane Davis	Sustainability and Public Health Director


Council District Boundaries
FB Council District Boundary
REP
Ana Reyes.....District 1
Mike Bomgardner.....District 5
Bronson Blackson....District 2
John Norwood.....District 3
Terry Lynne.....District 4
N
FARMERS BRANCH
2,500 1,250 0 2,500 Feet

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Farmers Branch

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton LLP
1717 Main Street, Suite 1800
Dallas, TX 75201-4667

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The Honorable Mayor, City Council and City Manager
The City of Farmers Branch, Texas

Report on the financial statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The City of Farmers Branch, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The City of Farmers Branch, Texas as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd

Emphasis of a matter
As discussed in Note 3 to the financial statements, the City adopted new accounting guidance in 2018 related to the accounting for other post-employment benefits. Our opinion is not modified with respect to this matter.

Other matters

Required supplementary information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 and the Required Supplementary Information on pages 50 through 52 (Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, Texas Municipal Retirement System Schedule of Contributions, and Retiree Health Plan Schedule of Changes in Total OPEB Liability and Related Ratios) be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information
The introductory section, statistical section, and continuing financial disclosure section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

GRANT THORNTON LLP

Dallas, Texas
January 14, 2019

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd

As management of the City of Farmers Branch (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The City's total combined net position as presented on the Government-wide Statement of Net Position was $152,875,629, which represents an increase of $19,757,881. This was primarily due to the impact of the Mercer Crossing planned development on the City's West Side.
- At the close of the fiscal year ended September 30, 2018, the City's governmental funds reported combined ending fund balances of $57,193,162, an increase of $25,319,072 in comparison with the prior year. The increase in total fund balance was primarily due to the receipt of bond proceeds from debt issued during the fiscal year.
- The unassigned fund balance for the general fund was $14,421,939 or 27 percent of total general fund expenditures plus other financing sources and uses. This represents an increase of $4,238,040 from the prior fiscal year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the general fund was $19,666,058, or approximately 34 percent of total general fund expenditures.
- The City's long-term liabilities increased $7,702,547 during the current fiscal year primarily due to the issuance of debt offset by a decrease in the net pension liability.

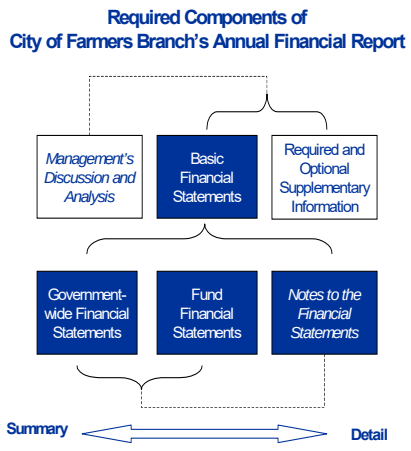
OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absences).



Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewer and stormwater utilities.

The government-wide financial statements can be found in Exhibit A of this report.

Fund Financial Statements - A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains 25 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, hotel/motel capital projects fund, the street improvement bond fund, and the Fire Station #2/landfill bond fund which are considered to be major funds. Data from the other 21 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibit B of this report.

Proprietary Funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sanitary sewer utility and stormwater utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its facilities and fleet management, workers' compensation, and health claims funds. Because these services predominantly benefit governmental rather than business-type functions they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer fund and stormwater utility fund are considered major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found in Exhibit C of this report.

Notes to Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found in Exhibit D of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found in Exhibit E of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information on the pensions and OPEB. Combining and individual statements and schedules can be found in Exhibit F through Exhibit H of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position, the amount that assets and deferred outflows of resources exceeded liabilities, was $152,875,629 at the close of the most recent fiscal year.

CONDENSED NET POSITION

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 68,978,034	$ 42,809,489	$ 17,798,063	$ 15,039,087	$ 86,776,097	$ 57,848,576
Capital assets	142,783,851	132,716,678	44,621,547	40,229,500	187,405,398	172,946,178
Total assets	211,761,885	175,526,167	62,419,610	55,268,587	274,181,495	230,794,754
Total deferred outflows of resources	5,273,396	13,064,292	292,539	706,260	5,565,935	13,770,552
Noncurrent liabilities	99,105,145	87,489,670	1,783,810	2,123,815	100,888,955	89,613,485
Other liabilities	19,117,823	17,022,982	1,019,121	846,203	20,136,944	17,869,185
Total liabilities	118,222,968	104,512,652	2,802,931	2,970,018	121,025,899	107,482,670
Total deferred inflows of resources	5,558,400	721,867	287,502	40,423	5,845,902	762,290
Net position:						
Net investment in capital assets	111,614,735	102,598,166	44,369,653	40,158,599	155,984,388	142,756,765
Restricted	5,004,542	5,347,455			5,004,542	5,347,455
Unrestricted	(23,365,364)	(24,589,681)	15,252,063	12,805,807	(8,113,301)	(11,783,874)
Total net position	$ 93,253,913	$ 83,355,940	$ 59,621,716	$ 52,964,406	$ 152,875,629	$ 136,320,346

The largest portion of the City's combined net position in the amount of $155,984,388 reflects its investments in capital assets (e.g., land, buildings, equipment, intangible assets, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position in the amount of $5,004,542 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of $8,113,301. Please refer to page 28 of the Notes to the Financial Statements for the City's plan to reduce this deficit.

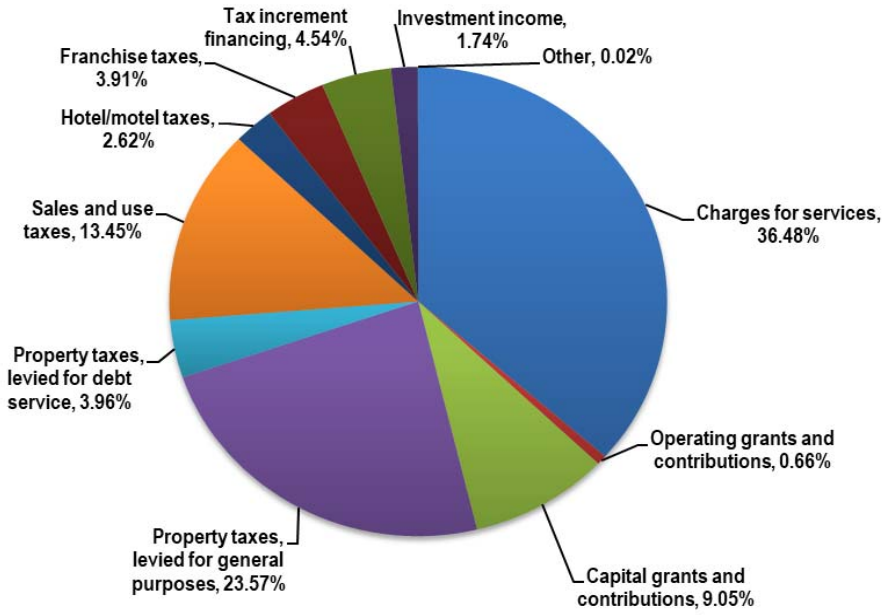
The unrestricted net position of the business-type activities is a positive balance of $15,252,063; however, these resources cannot be used to make up a portion of the deficit in the governmental activities unrestricted net position. The City generally can only use this net position to finance continuing water and sewer operations.

Analysis of the City's Operations – During the current fiscal year, net position for governmental activities increased $12,774,652 from the prior fiscal year (excluding the restatement for the total OPEB liability) for an ending balance of $93,253,913. This increase is attributable in large part to the development on the West Side which increased capital contributions, building permits, and property and sales taxes. The net position of the business-type activities increased $6,983,229 from the prior fiscal year (excluding the restatement for the total OPEB liability) for an ending balance of $59,621,716. The rates for water and sewer service were increased approximately ten percent and an additional new sewer tier for consumption exceeding 10,000 gallons was added. The development on the West Side also included capital contributions of $3,368,829 for the business-type activities.

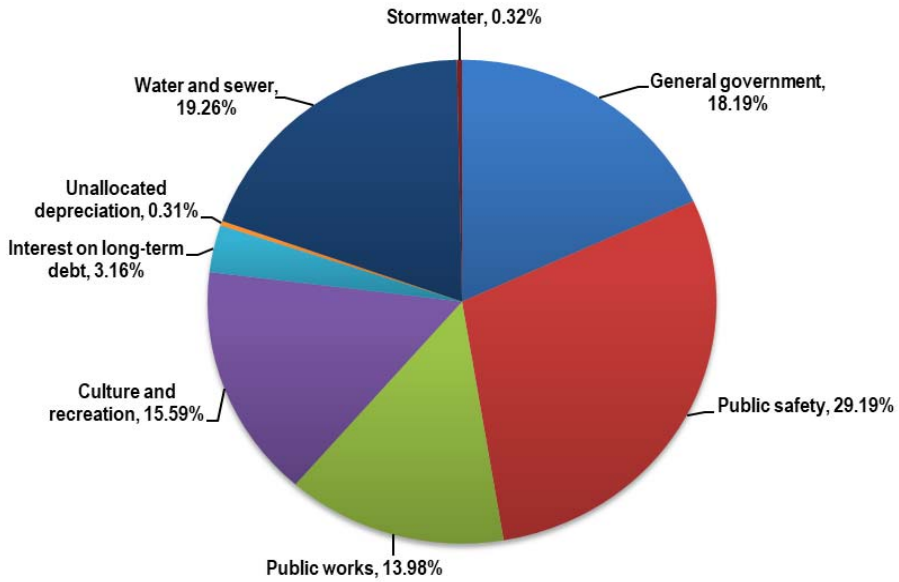
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 14,497,565	$ 10,968,502	$ 25,155,472	$ 21,271,417	$ 39,653,037	$ 32,239,919
Operating grants and contributions	719,367	600,602			719,367	600,602
Capital grants and contributions	6,471,947	560,197	3,368,829		9,840,776	560,197
General revenues:						
Taxes:						
Property taxes, levied for general purposes	25,617,820	24,509,410			25,617,820	24,509,410
Property taxes, levied for debt service	4,309,918	4,291,764			4,309,918	4,291,764
Sales and use taxes	14,618,441	13,936,336			14,618,441	13,936,336
Hotel/motel taxes	2,849,666	2,892,655			2,849,666	2,892,655
Franchise taxes	4,248,862	4,224,063			4,248,862	4,224,063
Tax increment financing	4,934,111	3,484,012			4,934,111	3,484,012
Investment income	1,787,154	1,447,475	103,609	41,812	1,890,763	1,489,287
Miscellaneous	17,136	59,927			17,136	59,927
Total revenues	80,071,987	66,974,943	28,627,910	21,313,229	108,699,897	88,288,172
Expenses:						
General government	16,174,829	16,573,789			16,174,829	16,573,789
Public safety	25,966,603	26,982,151			25,966,603	26,982,151
Public works	12,433,845	304,447			12,433,845	304,447
Culture and recreation	13,864,483	14,415,728			13,864,483	14,415,728
Interest on long-term debt	2,812,608	2,217,026			2,812,608	2,217,026
Unallocated depreciation	272,867	277,305			272,867	277,305
Water and sewer			17,132,596	16,086,557	17,132,596	16,086,557
Stormwater utility			284,185	647,624	284,185	647,624
Total expenses	71,525,235	60,770,446	17,416,781	16,734,181	88,942,016	77,504,627
Change in net position before transfers	8,546,752	6,204,497	11,211,129	4,579,048	19,757,881	10,783,545
Transfers	4,227,900	3,616,184	(4,227,900)	(3,616,184)		
Change in net position	12,774,652	9,820,681	6,983,229	962,864	19,757,881	10,783,545
Net position-beginning	83,355,940	73,535,259	52,964,406	52,001,542	136,320,346	125,536,801
Change in accounting principle, GASB 75 adjustment	(2,876,679)		(325,919)		(3,202,598)	
Net position--beginning, as restated	80,479,261	73,535,259	52,638,487	52,001,542	133,117,748	125,536,801
Net position--ending	$ 93,253,913	$ 83,355,940	$ 59,621,716	$ 52,964,406	$ 152,875,629	$ 136,320,346

Total Sources of Revenue


Tax increment financing, 4.54%
Investment income, 1.74%
Other, 0.02%
Franchise taxes, 3.91%
Hotel/motel taxes, 2.62%
Sales and use taxes, 13.45%
Charges for services, 36.48%
Property taxes, levied for debt service, 3.96%
Operating grants and contributions, 0.66%
Property taxes, levied for general purposes, 23.57%
Capital grants and contributions, 9.05%

Total Expenses by Activity



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $57,193,162. Of this total, $33,841,817 is restricted due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors, donors, or trustees. A total of $434,495 is considered nonspendable because it has been used for inventory and prepaid items. A total of $8,494,911 has been assigned meaning there are limitations resulting from its intended use, such as construction of capital assets, payment of debt service, and for other purposes. The remaining $14,421,939 is unassigned and can be used for any lawful purpose.

The general fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund is $14,421,939, while total fund balance is $20,076,065. As a measure of the general fund's liquidity, it may be useful to compare the unassigned general fund balance and total general fund balance to total general fund expenditures and other financing sources and uses. Unassigned general fund balance represents 27 percent of total general fund expenditures plus other financing sources and uses, while total fund balance represents 38 percent of that same amount.

The fund balance of the general fund increased $5,745,587 during the fiscal year. Revenues were $5,627,517 higher than the prior year. Licenses and permits increased $2,991,554 due to a significant increase in apartment construction activity and increased rates. Property tax revenue increased $1,545,913 due primarily to higher valuations. Expenditures were $83,253 higher than the prior year due to increases for new positions, employee merit costs, and increased spending for economic development. These increases were somewhat offset by decreased spending for capital asset purchases. The hotel/motel capital projects fund balance decreased $580,119 for improvements to the Historical Park. The street improvement bond fund balance increased $6,449,039 due to the issuance of debt that was offset by capital outlays for street resurfacing. The Fire Station #2 / landfill bond fund balance increased $10,882,051 primarily due to the issuance of debt.

Proprietary Funds - The City's water and sewer fund and stormwater utility fund are the enterprise components of the City's proprietary funds. These fund's financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the water and sewer fund was $12,218,830 and for the stormwater utility fund was $2,613,604. The internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the City's various functions. The City uses internal service funds to account for facilities and fleet management and the City's workers' compensation and health insurance self-insurance programs. Because all of these services primarily benefit governmental rather than business-type activities, they have been included with governmental activities in the government-wide financial statements.

General Fund Budgetary Highlights – During the fiscal year ending September 30, 2018, the City Council adopted amendments to the budget. In the general fund, the final budgeted revenues increased $1,114,300 compared to the original budgeted revenues. The largest budgeted revenue increase was the budget for licenses and permits. This category increased $1,994,200 due to an increase in permit rates and increased construction activity in the City. The budget for sale of general capital assets, which is an "other financing source" increased $1,094,200 due to the sale of land for commercial development in the station area.

CAPITAL ASSETS

The City's investment in capital assets for its government-wide activities as of September 30, 2018, amounts to $187,405,398 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure, intangible assets, and construction in progress.

Major capital asset events during the current fiscal year included the following:

Completed Projects

- Street and utility improvements for $9,445,000
- Justice Center remodel for $2,696,000
- Gilbert House foundation for $342,000
- Athletic field lighting at Oran Good for $286,000
- Generators at the Aquatics Center for $236,000

Amounts Spent for Ongoing Projects

- Belt-Marsh Pump Station improvements for $2,471,000
- Street revitalization for $1,007,000
- Stars Center upgrades for $613,000
- Church renovation for church at the Historical Park for $478,000
- Design for new Service Center of $416,000

Capital Assets at Year-End
Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2018	2017	2018	2017	2018	2017
Land	$ 40,300,032	$ 40,443,167	$ 603,364	$ 603,364	$ 40,903,396	$ 41,046,531
Buildings	41,716,755	39,857,323	3,877,545	4,048,355	45,594,300	43,905,678
Equipment	10,102,020	9,594,060	2,003,394	2,230,062	12,105,414	11,824,122
Improvements	3,468,193	3,481,712	17,858	19,004	3,486,051	3,500,716
Infrastructure	43,447,386	36,814,444	34,214,380	32,670,295	77,661,766	69,484,739
Intangible assets	427,687	615,024	37,288	11,264	464,975	626,288
Construction in progress	3,321,778	1,910,948	3,867,718	647,156	7,189,496	2,558,104
Total	$ 142,783,851	$ 132,716,678	$ 44,621,547	$ 40,229,500	$ 187,405,398	$ 172,946,178

Additional information on the City's capital assets can be found in the notes to basic financial statements (see Note 3.D).

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total bonded debt of $59,135,530. A portion of this debt is considered to be self-supporting in that it will be repaid from sources other than property taxes. A portion in the amount of $4,184,585 comprises debt to be repaid from hotel/motel tax revenues and lease payments from the Dallas Stars. Another portion in the amount of $5,453,159 comprises debt to be repaid from a sale of land at the landfill and a portion of landfill revenue. Both of these portions are backed by the full faith and credit of the government. The developer advances of $2,401,028 represent a loan to the City for capital project costs payable only from Tax Increment Financing District No. 1 funds.

Outstanding Debt at Year-End

	Governmental Activities	
	2018	2017
General obligation bonds	$ 59,135,530	$ 37,342,191
Developer advances	2,401,028	4,437,028
Total	$ 61,536,558	$ 41,779,219

The City maintains favorable ratings from bond rating agencies. The ratings are as follows:

	Moody's Investors Service	Date Confirmed	Fitch Ratings	Date Confirmed	Standard & Poor's	Date Confirmed
General obligation bonds						
2009 Combination tax and revenue, taxable	n/a	n/a	AA+	March 29, 2018	AA+	March 29, 2018
2010 General obligation refunding and improvement	Aa2	April 19, 2018	AA+	March 29, 2018	AA+	March 29, 2018
2011 General obligation refunding bonds, taxable	Aa2	April 19, 2018	AA+	March 29, 2018	AA+	March 29, 2018
2012 Certificates of obligation (bank issued)	n/a	n/a	n/a	n/a	n/a	n/a
2013 Certificates of obligation	Aa2	April 19, 2018	AA+	March 29, 2018	AA+	March 29, 2018
2014 Certificates of obligation	n/a	n/a	AA+	March 29, 2018	AA+	March 29, 2018
2014 General obligation	n/a	n/a	AA+	March 29, 2018	AA+	March 29, 2018
2016 Certificates of obligation	n/a	n/a	AA+	March 29, 2018	AA+	March 29, 2018
2018 Certificates of obligation	n/a	n/a	AA+	March 29, 2018	AA+	March 29, 2018
2018 General obligation	n/a	n/a	AA+	March 29, 2018	AA+	March 29, 2018

Additional information on the City's long term-debt can be found in the notes to basic financial statements (see Note 3.G).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2019 budget has been prepared with the objectives of maintaining the financial strength of the City, meeting the needs of citizens, and implementing the priorities of the City Council. Key proposals in the budget included reducing the property tax rate, absorbing a planned 2-cent property tax rate increase for recently issued Quality of Life bonds and new fire station debt, as well as significant new funding for critical sanitary sewer improvements and city infrastructure protection within Farmers Branch Creek. The budget emphasizes investment in public safety, infrastructure, and equipment including Bee Street "Restaurant Park" development, Camelot Landfill scale house and maintenance facility construction, channel improvements for Cook Creek, continuation of a 10-year street bond program including the Oakbrook neighborhood, development of a dog park at the Recreation Center, Farmers Branch Creek improvements, Fire Station No. 2 relocation, increased economic development funding, a library renovation/rebuild study, Marsh Lane Bridge sidewalk expansion, multi-year construction initiative to build a new Service Center, park and trail improvements, Rawhide Creek dredging and sanitary sewer inflow/infiltration improvements, residential revitalization program, Farmers Branch Creek well project, and Webb Chapel bridge and channel improvements.

Revenues are projected to grow in fiscal year 2019 due to a strong economy. Property and sales tax revenue represent nearly 69 percent of total general fund revenues. The City's single largest source of revenue is property taxes and it represents 45 percent of total general fund budgeted revenue. Property values increased nine percent to $5.575 billion. The proposed budget reduces the property tax rate from 60.2267 cents to 59.9507 cents per $100 valuation. A property tax rate at this level continues to position Farmers Branch at one of the lowest rates in Dallas County. Sales tax revenue is the City's second largest source of revenue representing 24 percent of total general fund budgeted revenue. Sales tax revenue from existing business is anticipated to increase almost five percent. The total general fund budgeted revenue was increased from the prior year by over six percent or $3,658,900.

Budgeted general fund expenditures are expected to increase by almost nine percent or $4,880,300. The proposed increases are primarily due to $2,530,000 related to capital and fixed asset costs. Personnel costs are budgeted to increase almost four percent by $1,352,300 for non-sworn employee merit increases, sworn police and fire step market adjustments, and sworn step plan increases. Economic development funding has been increased by $700,000 to maintain the City's competitive position and account for awarded incentives. Additionally, $412,000 is proposed for increased costs related to studies (e.g. I-35 corridor) and volume-based landfill host fees to the City of Lewisville.

Budgeted operating expense for the water and sewer fund is $1,153,500 higher than the adopted budget for fiscal year 2018. This is primarily due to increases in inflow and infiltration (I & I) capital projects and wastewater treatment costs. Revised metering practices and a rate increase from the Trinity River Authority have materially impacted costs and are expected to continue for the foreseeable future. Water and sewer rates were increased by about six percent.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	$ 60,528,652	$ 8,961,271	$ 69,489,923
Receivables (net of allowance for uncollectibles)	6,791,403	3,457,214	10,248,617
Inventories	406,342		406,342
Deposits	40,000		40,000
Prepaid items	63,131	11,885	75,016
Equity interest in joint venture	1,148,506	5,367,693	6,516,199
Capital assets:			
Nondepreciable	43,621,810	4,471,082	48,092,892
Depreciable, net of accumulated depreciation	99,162,041	40,150,465	139,312,506
Total assets	211,761,885	62,419,610	274,181,495
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension	4,712,379	247,342	4,959,721
Deferred outflows from OPEB	456,990	45,197	502,187
Deferred charge on refunding	104,027		104,027
Total deferred outflows of resources	5,273,396	292,539	5,565,935
LIABILITIES			
Accounts payable and other accrued liabilities	5,524,637	869,148	6,393,785
Retainage payable	164,278	134,743	299,021
Accrued interest payable	12,401,706		12,401,706
Deposits payable	471,000	434,859	905,859
Internal balances	419,629	(419,629)	
Unearned revenue	136,573		136,573
Noncurrent liabilities:			
Due within one year	4,944,594	38,254	4,982,848
Due in more than one year	94,160,551	1,745,556	95,906,107
Total liabilities	118,222,968	2,802,931	121,025,899
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pension	5,558,400	287,502	5,845,902
NET POSITION			
Net Investment in capital assets	111,614,735	44,369,653	155,984,388
Restricted for:			
Construction of capital assets	1,086,264		1,086,264
Promotion of tourism	1,433,930		1,433,930
Purposes of grantors/trustees	679,956		679,956
Debt service	725,906		725,906
Law enforcement	1,078,307		1,078,307
Fire training	179		179
Unrestricted	(23,365,364)	15,252,063	(8,113,301)
Total net position	$ 93,253,913	$ 59,621,716	$ 152,875,629

The accompanying notes are an integral part of the financial statements.

CITY OF FARMERS BRANCH, TEXAS

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 16,174,829	$ 5,528,873	$ 8,994	$
Public safety	25,966,603	4,254,309	79,756	64,356
Public works	12,433,845	3,342,887	519,305	5,791,427
Culture and recreation	13,864,483	1,371,496	111,312	616,164
Interest on long-term debt	2,812,608			
Unallocated depreciation	272,867			
Total governmental activities	71,525,235	14,497,565	719,367	6,471,947
Business-type activities:				
Water and sewer	17,132,596	23,818,738		3,368,829
Stormwater utility	284,185	1,336,734		
Total business-type activities	17,416,781	25,155,472		3,368,829
Total primary government	$ 88,942,016	$ 39,653,037	$ 719,367	$ 9,840,776

General revenues:	
Taxes:	
Property taxes, levied for general purposes	
Property taxes, levied for debt service	
Sales and use taxes	
Hotel/motel taxes	
Franchise taxes	
Tax increment financing	
Investment income	
Miscellaneous	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position-beginning	
Change in accounting principle, GASB 75 adjustment	
Net position--beginning, as restated	
Net position--ending	

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (10,636,962)	$	$ (10,636,962)
(21,568,182)		(21,568,182)
(2,780,226)		(2,780,226)
(11,765,511)		(11,765,511)
(2,812,608)		(2,812,608)
(272,867)		(272,867)
(49,836,356)		(49,836,356)
	10,054,971	10,054,971
	1,052,549	1,052,549
	11,107,520	11,107,520
$ (49,836,356)	$ 11,107,520	$ (38,728,836)
25,617,820		25,617,820
4,309,918		4,309,918
14,618,441		14,618,441
2,849,666		2,849,666
4,248,862		4,248,862
4,934,111		4,934,111
1,787,154	103,609	1,890,763
17,136		17,136
4,227,900	(4,227,900)	
62,611,008	(4,124,291)	58,486,717
12,774,652	6,983,229	19,757,881
83,355,940	52,964,406	136,320,346
(2,876,679)	(325,919)	(3,202,598)
80,479,261	52,638,487	133,117,748
$ 93,253,913	$ 59,621,716	$ 152,875,629

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General	Hotel / Motel Capital Projects	Street Improvement Bond	Fire Station #2 / Landfill Bond	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash, cash equivalents, and investments	$ 18,641,264	$ 1,258,051	$ 10,315,765	$ 10,899,806	$ 16,359,026	$ 57,473,912
Receivables (net of allowance for uncollectibles)	5,960,776		8,000		578,989	6,547,765
Accrued interest and other	104,988	6,215	31,915	23,129	60,279	226,526
Inventories	356,510				23,800	380,310
Prepaid items	53,497				688	54,185
Total assets	$ 25,117,035	$ 1,264,266	$ 10,355,680	$ 10,922,935	$ 17,022,782	$ 64,682,698
LIABILITIES						
Accounts payable	$ 3,384,539	$ 821,628	$ 327,074	$ 40,884	$ 520,631	$ 5,094,756
Retainage payable	37,490		109,101		17,687	164,278
Deposits payable	24,905				446,095	471,000
Unearned revenue - other	81,648				54,925	136,573
Total liabilities	3,528,582	821,628	436,175	40,884	1,039,338	5,866,607
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,512,388				110,541	1,622,929
Total deferred inflows of resources	1,512,388				110,541	1,622,929
FUND BALANCES						
Nonspendable:						
Inventory	356,510				23,800	380,310
Prepaid items	53,497				688	54,185
Restricted:						
Construction of capital assets		442,638	9,919,505	10,882,051	4,694,491	25,938,685
Landfill closure/postclosure					3,036,054	3,036,054
Promotion of tourism					1,433,242	1,433,242
Purpose of grantors, trustees and donors					679,956	679,956
Economic development					949,488	949,488
Debt service					725,906	725,906
Law enforcement					1,078,307	1,078,307
Fire training operations					179	179
Assigned:						
Construction of capital assets					3,250,792	3,250,792
Other capital assets	1,676,496					1,676,496
Economic development	2,850,799					2,850,799
Other purposes	716,824					716,824
Unassigned	14,421,939					14,421,939
Total fund balances	20,076,065	442,638	9,919,505	10,882,051	15,872,903	57,193,162
Total liabilities, deferred inflows of resources, and fund balances	$ 25,117,035	$ 1,264,266	$ 10,355,680	$ 10,922,935	$ 17,022,782	$ 64,682,698

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of net position (page 11) are different because:

Total fund balances - governmental funds (page 14)		$ 57,193,162
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (net of internal service fund capital assets of $287,468).		142,496,383
Equity investment in joint venture is not a current financial resource. Therefore, it is not reported in the governmental funds.		1,148,506
Deferred outflows of resources are not reported in the governmental funds:		
Deferred outflows on pension (net of internal service fund of $126,034)	$ 4,586,345	
Deferred outflows on OPEB (net of internal service fund of $25,109)	431,881	
Deferred charge on debt refunding	104,027	5,122,253
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,622,929
Internal service funds are used by management to charge the cost of certain activities, such as fleet management and workers' compensation and medical self-insurance programs, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (less amount allocated to business-type activities of $419,629).		874,201
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(109,808,603)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflows on pension (net of internal service fund of $25,162)		(5,394,918)
Net position of governmental activities		$ 93,253,913

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General	Hotel / Motel Capital Projects	Street Improvement Bond	Fire Station #2 / Landfill Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	$ 25,709,558	$	$	$	$ 4,307,310	$ 30,016,868
Sales and use taxes	14,618,441					14,618,441
Hotel/motel taxes					2,849,666	2,849,666
Franchise taxes	4,142,530				64,864	4,207,394
Tax increment financing					4,949,033	4,949,033
Licenses and permits	5,016,007					5,016,007
Charges for services	6,257,776				22,437	6,280,213
Fines and forfeitures	1,821,404				915,934	2,737,338
Special assessments					276	276
Investment income	811,617	18,653	95,780	69,413	791,691	1,787,154
Intergovernmental	250,000				77,232	327,232
Miscellaneous	119,488				504,184	623,672
Total revenues	58,746,821	18,653	95,780	69,413	14,482,627	73,413,294
EXPENDITURES						
Current:						
General government	13,176,510				365,014	13,541,524
Public safety	24,612,190				752,293	25,364,483
Public works	8,609,423				689,391	9,298,814
Culture and recreation	11,156,834				1,872,862	13,029,696
Debt service:						
Principal retirement					5,481,000	5,481,000
Interest and fiscal agent charges					1,256,017	1,256,017
Issuance costs			149,064	197,433	82,814	429,311
Capital outlay		1,394,772	2,634,155	169,942	6,756,242	10,955,111
Total expenditures	57,554,957	1,394,772	2,783,219	367,375	17,255,633	79,355,956
Deficiency of revenues over (under) expenditures	1,191,864	(1,376,119)	(2,687,439)	(297,962)	(2,773,006)	(5,942,662)
OTHER FINANCING SOURCES (USES)						
Transfers in	5,203,200	796,000			1,827,800	7,827,000
Transfers out	(1,820,000)				(1,309,100)	(3,129,100)
Certificates of obligation issued				10,515,000		10,515,000
General obligation bonds issued			8,704,286		4,835,714	13,540,000
Premium on debt issued			432,192	665,013	240,106	1,337,311
Sale of general capital assets	1,122,032				1,000	1,123,032
Insurance recoveries	48,491					48,491
Total other financing sources	4,553,723	796,000	9,136,478	11,180,013	5,595,520	31,261,734
Net change in fund balances	5,745,587	(580,119)	6,449,039	10,882,051	2,822,514	25,319,072
Fund balances--beginning	14,330,478	1,022,757	3,470,466		13,050,389	31,874,090
Fund balances--ending	$ 20,076,065	$ 442,638	$ 9,919,505	$ 10,882,051	$ 15,872,903	$ 57,193,162

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of activities (page 12) are different because:	
Net change in fund balances - total governmental funds (page 16)	$ 25,319,072
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	4,597,152
The net effect of the various miscellaneous transactions involving capital assets (i.e., sales, transfers and donations) is to decrease net position.	5,522,406
The change in equity interest in joint venture decreases net position.	201,254
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(49,452)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(19,911,311)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,689,969)
Internal service funds are used by management to charge the costs of fleet management, workers' compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(214,500)
Change in net position of governmental activities	$ 12,774,652

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Adjustments	Actual Amounts	Variance with
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Final Budget
REVENUES						
Property taxes	$ 25,750,000	$ 26,115,000	$ 25,709,558		$ 25,709,558	$ (405,442)
Sales and use tax	13,700,000	14,118,000	14,618,441		14,618,441	500,441
Franchise taxes	4,331,000	4,135,500	4,142,530		4,142,530	7,030
Licenses and permits	2,962,000	4,686,200	5,016,007		5,016,007	329,807
Charges for services	7,039,200	6,120,300	6,257,776		6,257,776	137,476
Fines and forfeitures	2,445,000	1,725,500	1,821,404		1,821,404	95,904
Investment income	718,000	894,400	811,617		811,617	(82,783)
Intergovernmental		250,000	250,000		250,000	
Miscellaneous	91,000	105,600	119,488		119,488	13,888
Total revenues	57,036,200	58,150,500	58,746,821		58,746,821	596,321
EXPENDITURES						
General government	14,844,800	14,336,600	13,176,510	238,439	13,414,949	921,651
Public safety	25,574,000	25,350,000	24,612,190	45,068	24,657,258	692,742
Public works	9,175,200	9,115,200	8,609,423	147,171	8,756,594	358,606
Culture and recreation	12,130,000	12,267,000	11,156,834	252,839	11,409,673	857,327
Total expenditures	61,724,000	61,068,800	57,554,957	683,517	58,238,474	2,830,326
Deficiency of revenues (over) under expenditures	(4,687,800)	(2,918,300)	1,191,864	(683,517)	508,347	3,426,647
OTHER FINANCING SOURCES (USES)						
Transfers in	5,453,200	5,203,200	5,203,200		5,203,200	
Transfers out	(1,020,000)	(1,820,000)	(1,820,000)		(1,820,000)	
Sale of general capital assets	25,000	1,119,200	1,122,032		1,122,032	2,832
Insurance recoveries	20,000	48,300	48,491		48,491	191
Total other financing sources	4,478,200	4,550,700	4,553,723		4,553,723	3,023
Net change in fund balances	(209,600)	1,632,400	5,745,587	(683,517)	5,062,070	3,429,670
Fund balances--beginning	13,808,863	13,808,863	14,330,478	(521,615)	13,808,863	
Fund balances--ending	$ 13,599,263	$ 15,441,263	$ 20,076,065	$ (1,205,132)	$ 18,870,933	$ 3,429,670

Explanation of differences:	
Beginning of year adjustment for encumbrances recognized as expenditures	$ 521,615
End of year adjustment for encumbrances not recognized as expenditures	(1,205,132)
Net decrease in fund balance - GAAP to budget	$ (683,517)

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash, cash equivalents, and investments	$ 6,437,138	$ 2,524,133	$ 8,961,271	$ 3,054,740
Receivables (net of allowance for uncollectibles)	3,299,386	122,917	3,422,303	17,112
Accrued interest and other	24,401	10,510	34,911	
Inventories				26,032
Prepaid items	11,885		11,885	8,946
Deposits				40,000
Total current assets	9,772,810	2,657,560	12,430,370	3,146,830
Noncurrent assets:				
Equity interest in joint venture	5,367,693		5,367,693	
Capital assets:				
Nondepreciable	4,471,082		4,471,082	8,170
Depreciable, net of accumulated depreciation	40,059,904	90,561	40,150,465	279,298
Total noncurrent assets	49,898,679	90,561	49,989,240	287,468
Total assets	59,671,489	2,748,121	62,419,610	3,434,298
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	247,342		247,342	126,034
Deferred outflows from OPEB	45,197		45,197	25,109
Total defered outflows of resources	292,539		292,539	151,143
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	825,192	43,956	869,148	429,881
Compensated absences	38,254		38,254	22,985
Claims payable				512,473
Retainage payable	134,743		134,743	
Deposits payable	434,859		434,859	
Total current liabilities	1,433,048	43,956	1,477,004	965,339
Noncurrent liabilities:				
Compensated absences	167,248		167,248	109,216
Claims payable				165,471
Net pension liability	1,091,439		1,091,439	617,621
Total OPEB liability	486,869		486,869	270,482
Total noncurrent liabilities	1,745,556		1,745,556	1,162,790
Total liabilities	3,178,604	43,956	3,222,560	2,128,129
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	287,502		287,502	163,482
NET POSITION				
Net investment in capital assets	44,279,092	90,561	44,369,653	287,468
Unrestricted	12,218,830	2,613,604	14,832,434	1,006,362
Total net position	$ 56,497,922	$ 2,704,165	$ 59,202,087	$ 1,293,830
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time			419,629	
Net position of business-type activities			$ 59,621,716	

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
Operating revenues				
Charges for services	$ 23,719,987	$ 1,336,734	$ 25,056,721	$ 4,535,915
Contributions and miscellaneous	98,751		98,751	4,479,344
Total operating revenues	23,818,738	1,336,734	25,155,472	9,015,259
Operating expenses				
Personal services	2,004,824		2,004,824	1,032,126
Materials and supplies	267,072		267,072	1,682,153
Maintenance and utilities	1,512,971	236,936	1,749,907	1,512,008
Purchase of water	6,084,328		6,084,328	
Sewage treatment	4,833,069		4,833,069	
Insurance claims and expenses				4,421,478
Depreciation	2,386,860	47,249	2,434,109	86,517
Total operating expenses	17,089,124	284,185	17,373,309	8,734,282
Operating income	6,729,614	1,052,549	7,782,163	280,977
Nonoperating revenues (expenses)				
Investment income	72,068	31,541	103,609	
Loss of the joint venture	(68,949)		(68,949)	
Total nonoperating revenues	3,119	31,541	34,660	
Income before contributions and transfers	6,732,733	1,084,090	7,816,823	280,977
Capital contributions	3,368,829		3,368,829	
Transfers out	(4,153,100)	(74,800)	(4,227,900)	(470,000)
Change in net position	5,948,462	1,009,290	6,957,752	(189,023)
Net position-beginning	50,875,379	1,694,875	52,570,254	1,695,253
Change in accounting principle, GASB 75 adjustment	(325,919)		(325,919)	(212,400)
Net position--beginning, as restated	50,549,460	1,694,875	52,244,335	1,482,853
Net position--ending	$ 56,497,922	$ 2,704,165	$ 59,202,087	$ 1,293,830

Reconciliation to government-wide statement of net position:	
Change in net position	$ 6,957,752
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds	25,477
Change in net position of business-type activities	$ 6,983,229

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 23,374,215	$ 1,321,746	$ 24,695,961	$
Receipts from interfund services provided				9,012,104
Payments to suppliers	(12,029,865)	(212,167)	(12,242,032)	(3,133,578)
Payments to employees	(1,956,527)		(1,956,527)	(1,037,599)
Payments for loss claims				(4,351,682)
Payments for interfund services	(498,955)		(498,955)	
Net cash provided by operating activities	8,888,868	1,109,579	9,998,447	489,245
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(4,153,100)	(74,800)	(4,227,900)	(470,000)
Net cash used for noncapital financing activities	(4,153,100)	(74,800)	(4,227,900)	(470,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,457,327)		(3,457,327)	(34,132)
Net cash used for capital and related financing activities	(3,457,327)		(3,457,327)	(34,132)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	102,454	(523,661)	(421,207)	
Investment income	71,086	26,998	98,084	
Net cash provided by (used for) investing activities	173,540	(496,663)	(323,123)	
Net increase (decrease) in cash and cash equivalents	1,451,981	538,116	1,990,097	(14,887)
Cash and cash equivalents - beginning of year	(298,373)	(85,763)	(384,136)	3,069,627
Cash and cash equivalents - end of year	$ 1,153,608	$ 452,353	$ 1,605,961	$ 3,054,740
Cash and cash equivalents - end of year	$ 1,153,608	$ 452,353	$ 1,605,961	$ 3,054,740
Investments	5,283,530	2,071,780	7,355,310	
Cash, cash equivalents, and investments - end of year	$ 6,437,138	$ 2,524,133	$ 8,961,271	$ 3,054,740
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	$ 3,368,829		$ 3,368,829	
Loss of the joint venture	(68,949)		(68,949)	
	$ 3,299,880		$ 3,299,880	

The accompanying notes are an integral part of the financial statements.

(continued)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 6,729,614	$ 1,052,549	$ 7,782,163	$ 280,977
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,386,860	47,249	2,434,109	86,517
Change in assets and liabilities:				
Increase in receivables	(396,796)	(14,988)	(411,784)	(3,155)
Increase in inventory of materials and supplies				(1,149)
Increase (decrease) in prepaid items	688		688	(4,008)
Increase in deferred inflows of resources	247,079		247,079	138,320
Increase in accounts payable	92,496	24,769	117,265	
Increase in accrued liabilities				98,552
Increase in retainage payable	128,857		128,857	
Increase in claims payable				37,859
Decrease in deposits payable	(47,727)		(47,727)	
Decrease in net pension liability	(712,104)		(712,104)	(372,140)
Decrease in total OPEB liability	(960)		(960)	(534)
Increase in accrued compensated absences	13,811		13,811	7,209
Decrease in deferred outflows of resources	447,050		447,050	220,797
Net cash provided by operating activities	$ 8,888,868	$ 1,109,579	$ 9,998,447	$ 489,245

The accompanying notes are an integral part of the financial statements. (concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Farmers Branch, Texas (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and a five-member council. The City was incorporated in 1946 under the Constitution of the State of Texas (Home Rule Amendment). As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered financially accountable. A component unit is included in the City's reporting entity if it is both fiscally dependent on the City (the primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government. The City's blended component units and joint venture, which all have a September 30 year-end, are as follows:

Blended Component Units

The Tax Increment Finance District Number One ("TIF No. 1"), Tax Increment Finance District Number Two ("TIF No. 2"), and Tax Increment Reinvestment Zone Number Three ("TIRZ No. 3") were created pursuant to the Texas Tax Increment Financing Act, Tax Code Chapter 311, as amended. The purpose of the TIF No. 1 is to promote development in the Mercer Crossing area. The purpose of the TIF No. 2 is to promote development in the Old Farmers Branch area. The purpose of the TIRZ No. 3 is to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments. Management of the primary government has operational responsibility for all three of these tax increment financing districts. The TIF No. 1 and TIF No. 2 are reported as capital projects funds and are included as blended component units because they provide a financing mechanism to build streets and other infrastructure. The TIRZ No. 3 is reported as a special revenue fund because the revenues are restricted to reduce the public improvement district assessments and the fund is included as a blended component unit.

The Farmers Branch Local Government Corporation ("FBLGC") was organized on behalf of the City to accomplish any governmental purpose of the City and to promote the common good and general welfare of the City. This includes the furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in the City, and currently to develop oil, natural gas and other mineral interests on behalf of the City. Management of the primary government has operational responsibility for the FBLGC. The FBLGC is authorized to issue bonds, notes or other obligations after approval by the City Council. The FBLGC has been included as a blended component unit because it is organized as a not-for-profit corporation in which the City of Farmers Branch is the sole corporate member. The FBLGC is fiscally dependent (the City must approve any issuance of debt) and the purpose of the corporation is to provide a benefit to the City.

Joint Ventures

The North Texas Emergency Communications Center, Inc. (NTECC) is a joint venture between the Town of Addison, City of Carrollton, City of Coppell, and City of Farmers Branch (the "Cities") formed to establish and operate a joint public safety dispatch center. The affairs of the NTECC are managed by a four-person board of directors representing each of the four participating Cities.

The Cities are responsible for funding capital and operating costs of the NTECC in the proportions stated in the inter-local agreement. The City financed its portion of construction funds through the issuance and sale of certificates of obligation. The City of Farmers Branch's equity interest in the NTECC is $1,148,506 at September 30, 2018 and is reported as equity interest in joint venture in the governmental activities on the government-wide Statement of Net Position. Audited financial statements for the NTECC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

Additionally, the Cities have also entered into inter-local agreements to jointly procure a public safety radio system and a fire training facility. These agreements did not include the formation of a separate legal joint venture entity. The City has financed its portion of construction funds through the issuance and sale of general obligation bonds. The Cities are responsible for funding a portion of the radio system and fire training facility in the proportions stated in the inter-local agreements. The City of Farmers Branch's portion of the radio system in the amount of $2,297,250 is capitalized as infrastructure and equipment and the portion of the fire training facility in the amount of $564,953 is capitalized as buildings in the governmental activities on the government-wide Statement of Net Position.

The North Dallas County Water Supply Corporation ("NDCWSC") is a joint venture between the City and the Town of Addison (the "Town") to design, construct, operate, and maintain a joint sanitary sewer interceptor and conventional sewer lines. The NDCWSC, a public instrumentality and nonprofit water supply corporation, was created for that purpose. Upon dissolution of the NDCWSC, the City and Town will share the net position in the proportions stated in an inter-local agreement. The affairs of the NDCWSC are managed by a six-person board of directors appointed by the governing bodies of the City and the Town.

The City and the Town are each obligated to fund construction of the sanitary sewer interceptor in the proportions stated in the inter-local agreement. The City has financed its portion of construction funds through the issuance and sale of assessment revenue bonds and a transfer from previously issued sewer bonds. The City's net investment and its share of the operating results of the NDCWSC are reported in the City's water and sewer fund. The City's equity interest in the NDCWSC was $5,367,693 at September 30, 2018. Complete financial statements for the NDCWSC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

B. Basis of Presentation

While separate government-wide financial statements (based on the City as a whole) and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the City's funds, including its blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The *hotel/motel capital projects fund* is used to account for the construction and financing of historical park improvements, funded by hotel/motel tax revenues.

The *street improvement bond fund* is used to provide funds for permanent public improvements, to-wit: engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the City, including streetscape improvements, public utility improvements, storm drainage facilities, and the acquisition of land therefor.

The *Fire Station #2 / landfill bond fund* is used for the construction and relocation of Fire Station #2 and to construct a new scale house and maintenance facility at Camelot Landfill.

The City reports the following major proprietary funds:

The *water and sewer fund* is used to account for water and sewer service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *stormwater utility fund* is used to account for the City's drainage management program.

The City reports the following internal service funds:

The *internal service funds* are used to account for facilities and fleet management services and the City's workers' compensation and medical self-insurance programs for the departments of the City on a cost reimbursement basis.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. The issuance of long-term debt is reported as an other financing source.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered measurable and available only when the government receives cash.

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

D. Budgetary Information

1) Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, special revenue funds, and debt service fund. The capital projects funds are appropriated on a project-length basis and often span a period of more than one year.

The appropriated budget is prepared by fund, department, and function. The City Manager may transfer unencumbered appropriations within a department and between departments within the same fund. City Council approval is necessary for transfers of unencumbered appropriations between funds. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Special revenue funds are budgeted at the function level. Appropriations, except remaining project appropriations and encumbrances, lapse at the end of the fiscal year.

2) Excess of Expenditures over Appropriations

For the year ended September 30, 2018, expenditures in the general fund's finance division exceeded appropriations by $37,335. This excess was for the planned purchase of a capital asset from fund balance and was approved by City Council.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1) Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2) Investments

Investments are recorded at fair value (based on quoted market prices), except for investments with maturity of one year or less from date of purchase, which are stated at amortized cost, and except for the position in TexPool. In accordance with state law, TexPool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

3) Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

4) Inventories and Prepaid Items

Inventories are stated at the lower of average cost or market for the internal service funds and for the inventory of land held for resale in the general fund. Inventories are recorded as assets when purchased and charged to operations when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5) Capital Assets

Capital assets include land, buildings, equipment, improvements, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., software, websites). Capital assets purchased, acquired or developed, are carried at historical cost or estimated historical cost if historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The City defines capital assets as having a useful life longer than one year and an initial, individual cost that exceeds the capitalization threshold for their class. The capitalization threshold for the infrastructure class is $100,000. The capitalization threshold for all other asset classes is $5,000. Other costs incurred for repairs and maintenance are expensed. Insurance recoveries of $48,491 were received for the year ended September 30, 2018. They are included as an “other financing source” in the governmental funds.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated on the straight-line basis over the following estimated useful lives:

Capital asset classes	Lives
Buildings	30 - 50 years
Equipment	5 - 30 years
Improvements	20 years
Intangible assets-software/websites	5 years
Infrastructure	15 - 62.5 years

6) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as outflows of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The first three deferred outflows of resources are reported in the government-wide and proprietary funds statements of net position. The first item is the deferred outflows of resources from pension. For purposes of measuring the net pension liability, deferred outflows of resources related to pension have been determined on the same basis as they are reported by TMRS. The second item is the deferred outflows of resources from OPEB. The third item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources from pension. This is reported in the government-wide and proprietary funds statements of net position.

Finally, the City has one item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from the following sources:

	General Fund	Nonmajor Governmental Funds	Total
Property taxes	$642,178	$102,043	$744,221
Ambulance	196,442		196,442
Franchise taxes - electric	673,583		673,583
Charges for services - culture and recreation	185		185
Special assessments		8,498	8,498
Total	$1,512,388	$110,541	$1,622,929

7) Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

The net investment in capital assets for the business-type activities is reported net of related debt in the amount of $251,894, which represents account and retainage payables for capital asset activity.

The governmental activities unrestricted net position is a deficit of $23,365,364 at September 30, 2018. The City actively manages its net position and has planned for the reduction and/or elimination of its unrestricted deficit net position in the following ways:

1) A major portion of the City's unrestricted deficit net position is due to approximately $11.7 million of accrued interest payable for developer advances. This amount may be reimbursed only from the Tax Increment Financing District No. 1 ("TIF No. 1") to the extent such funds are on deposit in the fund. Current revenue projections for this fund indicate repayment of most of this accrued interest will be unlikely. The TIF No. 1 expires December 31, 2019.

2) Options to reduce and eventually to eliminate the total OPEB liability of approximately $5.4 million have been implemented. This includes health insurance coverage options for retirees with no implicit subsidy for the City, capping existing contributions, and terminating the City contribution for employees hired after December 31, 2006.

3) The net pension liability is $21.2 million and the City plans to reduce this liability in the future by making extra contributions as resources are available.

8) Fund Balance Policies and Flow Assumptions

Governmental fund's fund balances classified as restricted are balances constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balance. The City Council must take the same level of action to remove or change the constraint. Assigned fund balances are constrained by intent to use for a specific purpose but are neither restricted nor committed. Assignments are made by City management based on Council direction.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

In the general fund, the City strives to maintain a target range of unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual GAAP basis expenditures and other financing sources and uses.

F. Revenues and Expenditures/Expenses

1) Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

2) Property Taxes

The City's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

3) Compensated Absences

The City's employees earn vacation leave (up to a maximum of 192 hours per year for 40 hours per week employees and 288 hours per year for 56 hours per week employees) based on years employed. Upon retirement or termination, payment of accumulated vacation may not exceed that which can be accumulated within two years for employees hired prior to January 1, 2011 and within one and a half years for employees hired on or after January 1, 2011. Unused sick leave, based on days employed, may be accumulated up to certain limits. Upon retirement or termination, employees hired before October 1, 1992 will be paid a maximum of 720 hours of sick pay for 40 hours per week employees or 1,080 hours for 56 hours per week employees. Upon retirement or termination, employees hired between October 1, 1992 and December 31, 2010 with five years or less of service will be paid a maximum of 120 hours of sick pay and with more than five years of service will be paid a maximum of 240 hours of sick pay for 40 hours per week employees or with five years or less of service will be paid a maximum of 180 hours of sick pay and with more than five years of service will be paid a maximum of 360 hours of sick pay for 56 hours per week employees. Employees hired on or after January 1, 2011 receive no payout for unused sick leave upon retirement or termination.

4) Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for water and sewer funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of the $142,496,383 are as follows:

Land and rights of way	$ 40,291,862
Construction in progress	3,321,778
Improvements	11,501,929
Less: Accumulated depreciation-improvements	(8,033,736)
Buildings	59,216,030
Less: Accumulated depreciation-buildings	(17,561,272)
Equipment	29,394,673
Less: Accumulated depreciation-equipment	(19,373,654)
Infrastructure	118,262,464
Less: Accumulated depreciation-infrastructure	(74,815,078)
Intangible assets	1,789,480
Less: Accumulated depreciation-intangible assets	(1,498,093)
Net adjustment to increase *fund balance - total government funds* to arrive at *net position - governmental activities*	$ 142,496,383

Another element of that reconciliation explains that "internal service funds are used by management to charge the costs of certain activities, such as fleet management and workers' compensation and medical self-insurance programs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position." The details of this difference are as follows:

Net position of the internal service funds	$ 1,293,830
Less: Internal receivable representing charges below cost to business-type activities - current year	(419,629)
Net adjustment to increase *fund balance - total government funds* to arrive at *net position - governmental activities*	$ 874,201

The final element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $109,808,603 difference are as follows:

Bonds payable	$ 56,460,000
Add: Issuance premium (to be amortized over life of debt)	2,675,530
Developer advances	2,401,028
Accrued interest payable	12,401,706
Compensated absences	5,151,362
Net pension liability	19,496,717
Net other postemployment benefits obligation	4,652,300
Landfill liability	6,569,960
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 109,808,603

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period." The details of this $4,597,152 difference are as follows:

Capital outlay	$ 11,306,756
Depreciation expense	(6,709,604)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 4,597,152

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this difference are as follows:

General obligation bonds issued	$ 13,540,000
Certificates of obligation issued	10,515,000
Plus premium	1,337,311
Principal repayments:	
General obligation debt	(3,445,000)
Developer advances	(2,036,000)
Net adjustment to decrease *total governmental funds* to arrive at *changes in net position of governmental activities*	$ 19,911,311

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences	$ 46,235
Net pension liability	(12,905,999)
Difference in deferred outflows for pension	8,005,810
Differences in deferred outflows for OPEB	(113,401)
Differences in deferred inflows for pension	4,698,213
Net OPEB liability	(9,176)
Accrued interest on long-term debt	1,266,566
Amortization of bond premiums	(153,972)
Amortization of deferred charge on refunding	14,686
Landfill liability	1,841,007
Net adjustment to decrease *total governmental funds* to arrive at *changes in net position of governmental activities*	$ 2,689,969

Another element of that reconciliation states that "internal service funds are used by management to charge the costs of fleet management, workers' compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this difference are as follows:

Change in net position of the internal service funds	$	189,023
Plus: charges to business-type activities		25,477
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	214,500

C. Explanation of Certain Differences Between the Proprietary Fund Statement of Net Position and the Government-Wide Statement of Net Position

The proprietary fund statement of net position includes reconciliation between *net position – total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of net position. The description of the only item of that reconciliation is "adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time." The details of the difference are as follows:

Internal payable representing charges below cost to business-type activities - prior years	$	394,152
Internal payable representing charges over cost to business-type activities - current year		25,477
Net adjustment to increase *net position - total enterprise funds* to arrive at *changes in net position of business-type activities*	$	419,629

3. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits with Financial Institutions

At year-end, the carrying amount of the City's deposits was ($390,181) and the bank balance was $217,192. The bank balance was completely covered by federal depository insurance or by collateral held by the City's agent in the City's name. At year-end, the carrying amount of the Farmers Branch Local Government Corporation, blended component unit's bank balance was $40,683. The bank balance was completely covered by federal depository insurance.

B. Investments

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds. TexPool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

To maximize investment opportunities, all funds (excluding the debt service fund and the internal service funds) participate in a pooling of cash and investment income. Each fund may liquidate its equity in the pool on demand.

State statutes, City bond ordinances, and City resolutions authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of Texas and its agencies and instrumentalities, obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating, insured or collateralized certificates of deposit, fully collateralized repurchase agreements, and government pools.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in active markets for identical securities. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City has no Level 3 inputs that are valued using significant unobservable inputs. As of September 30, 2018, the City had the following investments:

Investments by Fair Value Level	September 30, 2018	Fair Value - Level 1	Fair Value - Level 2	Weighted Average Maturity (in days)
Municipal Obligations	$ 33,410,367	$	$ 33,410,367	220
Federal Home Loan Bank Notes	3,443,278		3,443,278	96
US Treasury Bill	16,842,112	16,842,112		439
Total Investments by Fair Value Level	53,695,757	16,842,112	36,853,645	
Investments Measured at NAV/Amortized Cost				
TexPool	16,143,664			28
Total investments at NAV/Amortized Cost	16,143,664			
Total Investments at Carrying Amount	$ 69,839,421 (1)			
Portfolio Weighted Average Maturity				275

(1) This amount includes investments in local government investment pools and CDARS, which are measured at NAV and amortized cost, respectively.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to eighteen months (548 days).

Credit Risk. The City's investment policy is to apply the "prudent investor" standard: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City's investments were rated as follows:

Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments

Municipal Obligations	Aaa/AAA*	14%
TexPool	AAAm	23%
Federal Home Loan Bank Notes	Aaa/AA	5%
Municipal Obligations	Aa/AA	34%

*Aaa/AAA is the highest credit quality issued by Moody's Investor's Services, and by Standard & Poor's, respectively.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. However, the City's investment policy calls for portfolio diversification by avoiding over-concentration in a specific maturity sector or specific instruments. The City's portfolio is 14% invested in Municipal Obligations and 5% invested in Federal Home Loan Bank as of September 30, 2018. The remaining 81% of the City's investments is invested in U.S. government issues, U.S. guaranteed obligations, or an external investment pool.

C. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Hotel / Motel Capital Projects	Street Improvement	Fire Station #2 / Landfill Bond	Nonmajor Governmental	Internal Service	Water and Sewer	Stormwater Utility	Total
Receivables:									
Property tax	$ 584,381	$	$	$	$ 92,546	$	$	$	$ 676,927
Other taxes	4,307,591				312,655				4,620,246
Accounts	3,317,744		8,000		165,290	17,112	1,501,637	69,614	5,079,397
Unbilled accounts							1,870,381	55,690	1,926,071
Assessments					22,016				22,016
Accrued interest	104,988	6,215	31,915	23,129	60,279		24,401	10,510	261,437
Gross receivables	8,314,704	6,215	39,915	23,129	652,786	17,112	3,396,419	135,814	12,586,094
Less: Allowance for uncollectibles	(2,248,940)				(13,518)		(72,632)	(2,387)	(2,337,477)
Net total receivables	$ 6,065,764	$ 6,215	$ 39,915	$ 23,129	$ 639,268	$ 17,112	$ 3,323,787	$ 133,427	$ 10,248,617

D. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Primary Government			
	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights of way	$ 40,443,167	$ 677,239	$ (820,374)	$ 40,300,032
Construction in progress	1,910,948	2,821,254	(1,410,424)	3,321,778
Total capital assets, not being depreciated	42,354,115	3,498,493	(2,230,798)	43,621,810
Capital assets, being depreciated				
Improvements	11,127,435	379,867	(5,373)	11,501,929
Buildings	56,395,255	3,193,576		59,588,831
Equipment	28,108,586	2,986,528	(1,377,702)	29,717,412
Infrastructure	109,656,866	9,069,341	(463,743)	118,262,464
Intangible assets - software/websites	2,008,076	31,099		2,039,175
Total capital assets, being depreciated	207,296,218	15,660,411	(1,846,818)	221,109,811
Less accumulated depreciation for:				
Improvements	(7,645,723)	(391,796)	3,783	(8,033,736)
Buildings	(16,537,932)	(1,334,144)		(17,872,076)
Equipment	(18,514,526)	(2,419,002)	1,318,136	(19,615,392)
Infrastructure	(72,842,422)	(2,436,399)	463,743	(74,815,078)
Intangible assets - software/websites	(1,393,052)	(218,436)		(1,611,488)
Total accumulated depreciation	(116,933,655)	(6,799,777)	1,785,662	(121,947,770)
Total capital assets, being depreciated, net	90,362,563	8,860,634	(61,156)	99,162,041
Governmental activities capital assets, net	$ 132,716,678	$ 12,359,127	$ (2,291,954)	$ 142,783,851
Business-type activities:				
Capital assets, not being depreciated:				
Land and rights of way	$ 603,364	$	$	$ 603,364
Construction in progress	647,156	3,261,513	(40,951)	3,867,718
Total capital assets, not being depreciated	1,250,520	3,261,513	(40,951)	4,471,082
Capital assets, being depreciated:				
Improvements	46,126			46,126
Buildings	11,647,291			11,647,291
Equipment	5,929,748	193,739	(33,637)	6,089,850
Infrastructure	84,125,569	3,368,829	(24,094)	87,470,304
Intangible assets - software/websites	61,889	43,026		104,915
Total capital assets, being depreciated	101,810,623	3,605,594	(57,731)	105,358,486
Less accumulated depreciation for:				
Improvements	(27,122)	(1,146)		(28,268)
Buildings	(7,598,936)	(170,810)		(7,769,746)
Equipment	(3,699,686)	(420,407)	33,637	(4,086,456)
Infrastructure	(51,455,274)	(1,824,744)	24,094	(53,255,924)
Intangible assets - software/websites	(50,625)	(17,002)		(67,627)
Total accumulated depreciation	(62,831,643)	(2,434,109)	57,731	(65,208,021)
Total capital assets, being depreciated, net	38,978,980	1,171,485		40,150,465
Business-type activities capital assets, net	$ 40,229,500	$ 4,432,998	$ (40,951)	$ 44,621,547

The preceding schedule includes internal service assets in the governmental activities. Internal service fund depreciation expense is allocated to the primary government based on each function or program's usage of its services.

Depreciation expense (includes amortization expense of intangible assets) was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	724,884
Public safety		1,617,354
Public works, which includes the depreciation of general infrastructure assets		2,596,968
Culture and recreation		1,587,704
Unallocated		272,867
Total depreciation expense - governmental activities	$	6,799,777
Business-type activities:		
Water and sewer	$	2,386,860
Stormwater utility		47,249
Total depreciation expense business-type activities	$	2,434,109

Commitments and Contingent Liabilities

Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

	Encumbrances	
General fund for general purposes	$	718,420
General fund for capital assets		486,712
Water and sewer fund		199,481
Stormwater utility fund		332,534
Non-major funds		814,449
Total	$	2,551,596

The City has entered into several construction contracts during the fiscal year, which include street improvements, replacement of water mains, and the construction of municipal facilities. As of September 30, 2018, the City had outstanding construction contracts totaling $1,734,566 that will be financed from operating funds.

	Construction Commitments	
Street improvement bond	$	675,817
Hotel / motel capital projects fund		44,637
Water and sewer fund		752,113
Non-major capital projects funds		261,999
Total	$	1,734,566

E. Interfund Receivables, Payables and Transfers

Government interfund transfers during the year ended September 30, 2018 were as follows:

	TRANSFERS IN			
TRANSFERS OUT	General Fund	Hotel / Motel Capital Projects Fund	Nonmajor Governmental Funds	Total
General fund	$	$	$ 1,820,000	$ 1,820,000
Nonmajor governmental funds	505,300	796,000	7,800	1,309,100
Water and sewer fund	4,153,100			4,153,100
Stormwater utility fund	74,800			74,800
Nonmajor proprietary funds	470,000			470,000
Total	$ 5,203,200	$ 796,000	$ 1,827,800	$ 7,827,000

Eliminations

Interfund transfers are reported in the governmental and proprietary fund financial statements. In the entity-wide statements, interfund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Purpose of Transfers

Transfers are used to (1) move unrestricted revenues to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) for the water and sewer fund to the general fund for a payment in lieu of taxes.

F. Tax Abatements / Tax Increment Financing Zones / Public Improvement Districts

Tax Abatements – The City of Farmers Branch enters into tax abatement agreements with local residents and businesses under Chapter 380 of the Texas Local Government Code. Under this chapter, the City may provide incentives consisting of loans and grants of city funds, use of city personnel, facilities and services with or without charge, for the promotion of economic development.

The City has three categories of economic development agreements:

- Residential Demolition/Rebuild Incentive Program – This program provides property tax abatements to encourage redevelopment of existing housing stock in the City. The program may include a demolition incentive grant up to $15,000 and annual incentive grants (between five and seven years) equal to the difference between the City property taxes assessed and paid for the new improvements (new residential structure excluding the land) for a given tax year and the City property taxes for the residential structure prior to demolition (excluding the land) for the tax year in which the structure was demolished (the “Base Year”). The amounts and number of years the incentive will be paid vary depending on the value of the residential structure and the program in place at the effective date of the agreement. Abatements are obtained through application prior to beginning the improvements and commence when the City issues a certificate of occupancy or certificate of completion for the new residence. The property owner commits to demolition of the existing residence and the construction of a new residence within 24 months of the effective date of the agreement. If construction is not completed as agreed, the City has the option to terminate the agreement and seek reimbursement of the demolition cost reimbursement incentive. No other commitments were made by the City as part of those agreements. For the fiscal year ended September 30, 2018, the City abated property taxes totaling $91,449 for 26 properties under this program.

- Economic Development Agreements – The purpose of these agreements is for the promotion of the expansion of existing businesses within the City and the recruitment of new business enterprises to the City. These agreements include repayment provisions should the recipient fail to fully meet its commitments. The names of businesses receiving sales tax rebates are not disclosed, as they are made confidential by Texas Tax Code Section 151.027.

- A ten-year agreement for a 50 percent property tax rebate and sixty quarterly sales tax grants of 50% of the sales tax paid for years 1 to 7 and 25% of the sales tax paid for years 8 to 15 to a security services company to relocate its headquarters and call center. The incentive period began July 2015. The company must maintain a minimum level of taxable sales and continuous occupancy of the premises during the terms of the agreement. The abatements amounted to $444,932 during the fiscal year ended September 30, 2018.

- A ten year agreement for a 50 percent tangible personal property tax reduction and 100 percent sales tax rebate for a local home furnishings warehouse/store to purchase and renovate 415,000 square feet of office and manufacturing/distribution space and to relocate company corporate headquarters, warehouse, distribution center, and retail outlet store to Farmers Branch. The company must maintain a minimum taxable value of the tangible personal property of at least $2,000,000 as of January 1 of each calendar year during the agreement. The incentive period began April 2011. The abatements amounted to $89,417 during the fiscal year ended September 30, 2018.

- An agreement to rebate 30% of tangible personal property tax for ten years for BSN Sports, LLC to maintain tangible personal property at the leased premises of at least $18,000,000 as of January 1 of each calendar year. The agreement was executed in June 2017. The abatements amounted to $15,311 for the fiscal year ended September 30, 2018. In addition, the company received a $100,000 expansion grant during the fiscal year. This was the first annual installment of a $300,000 economic development grant.

- An agreement with TXI Operations, LP to provide a tax abatement for business personal property for a period of thirteen years conditioned on the construction firm leasing approximately 45,000 square feet of space in a building located in Farmers Branch and the company relocation and operation of its corporate headquarters to the leased premises which it must continuously occupy and operate throughout the period of the agreement. The company must maintain taxable value of tangible personal property of at least $1,500,000 on January 1 immediately following the commencement date. The tax abatement is 100 percent of business personal property taxes paid for years 1 to 3, 50 percent for years 4 to 7, and 25 percent for years 8 to 13. The incentive period began November 2013. The abatement amounted to $4,079 for the fiscal year ended September 30, 2018.

- A ten-year agreement for semi-annual economic development grants equal to 50 percent of use taxes collected by the City to a home building company. The company must purchase building materials from Farmers Branch vendors to be eligible for the grants. The effective date of the agreement was January 2018. The abatement amounted to $3,219 for the fiscal year ended September 30, 2018.

- Tax Increment Financing –The City has established three reinvestment zones ("TIF No. 1", "TIF No. 2", "TIRZ No. 3") for the purpose of tax increment financing of infrastructure. In accordance with State law pertaining to tax increment reinvestment zones, the costs of public infrastructure improvements in the zone are repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. The City contributes 35% of the incremental tax revenues generated from the City's ad valorem tax associated with the growth of the tax base in TIF No. 1 and 100% of the incremental tax revenues associated with the growth of the tax base in TIF No. 2 to a special fund to pay costs of infrastructure in the zones. There are $247,265,322 of infrastructure improvements in the TIF No. 1 project plan, including streets, water, sewer, lighting, and landscaping. There are $43,540,210 of infrastructure improvements in the TIF No. 2 project plan, including streets, water and sewer projects. TIF No. 1 and TIF No. 2 are scheduled to terminate in 2018 and 2019 respectively. The TIF No. 1 increment for Tax Year 2017 is $86,542,859.

  For tax years 2017, 2018, and 2019, the City will contribute 1% of the incremental tax revenues generated from the City's ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district assessments within the zone. For years 2020 through and including 2052, the City will contribute 40% of the incremental tax revenue generated by the City's ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district associated with the zone. There are $22,461,798 of infrastructure improvements in the TIRZ No. 3 project plan and the TIRZ No. 3 increment for Tax Year 2017 is $224,614. The City accepted $6,357,591 of governmental capital infrastructure and $1,470,750 of water and sewer fund capital infrastructure as capital contributions during the fiscal year ended September 30, 2018. The TIRZ No. 3 is scheduled to terminate in 2052.

  The City Council, upon recommendation of the Council-appointed TIF Board for each district, can enter into economic grant agreements with developers to utilize TIF funds. Unlike contractual obligations, TIF grants are subject to availability of TIF funds, and any balance owed to a developer upon termination of the TIF district will no longer be considered an obligation of the City. The City made $2,036,000 in payments for TIF obligations, $1,125,000 in incentive payments, and $783,447 in property tax rebates from general TIF resources.

- Public Improvement District – Under Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act",) the City authorized the creation of the Mercer Crossing Public Improvement District (the "PID") to impose annual assessments on property owners within the PID (the "Assessments") to pay for certain public improvements (the "Public Improvements"). The PID is composed of approximately 397.6 acres that are being developed as a master-planned mixed-use development known as "Mercer Crossing". The development is expected to include, among other things, single-family homes, active adult senior condominiums, two hotels, office, retail, commercial, and an amphitheater. Pursuant to a master development agreement and a reimbursement agreement (together, the "Agreements"), the City has agreed to reimburse the Developer for a portion of the costs of the Public Improvements within the PID in a total amount not to exceed $43,247,845, plus accrued interest, from assessment revenues. Under the terms of the Agreements, the Assessments may be offset in each year by tax increment revenues generated with Tax Increment District Number One, which includes the PID property. The only obligation of the City under Agreements is the collection and enforcement of the Assessments and the payment of annual Assessment revenues to the Mercer Crossing developer pursuant to the terms of the Agreements. The City has not issued debt to fund its obligations under the Agreements.

G. Long-Term Liabilities

General Obligation Bonds – The City of Farmers Branch issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. Currently, the City has no outstanding general obligation bonds issued for business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the city. These bonds are generally issued as serial bonds with equal amounts of principal maturing each year with maturities that range from five to 20 years. The city is required to compute, at the time taxes are levied, the rate of tax required to provide a fund to pay interest and principal at maturity. The city is in compliance with this requirement.

During the year, the City of Farmers Branch issued Combination Tax & Revenue Certificates of Obligation, Series 2018 (Certificates) in the amount of $10,515,000 and General Obligation Bonds, Series 2018 (Bonds) in the amount of $13,540,000. Proceeds from sale of the Certificates will be used for (i) designing, constructing, renovating, improving and equipping Farmers Branch Fire Station No. 2; (ii) designing, developing, constructing, improving, extending and expanding landfill facilities for the City's Camelot Landfill, including streets and roads in connection therewith; and (iii) paying the costs associated with the Certificates. The debt service related to the Camelot Landfill project is expected to be self-supported from an increase in royalty revenue from the landfill. The Bonds were issued to provide funds for (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the City, including streetscape improvements, public utility improvements, storm drainage facilities and improvements, and the acquisition of land therefor; (ii) park and open space improvements, including trails, sidewalks and nature preserves; (iii) continuing an economic development fund to finance the City's programs for economic development for single-family residential redevelopment and revitalization in the City; and (iv) paying the costs associated with the issuance of the Bonds.

The City of Farmers Branch issued bonds to provide funds for the acquisition and construction of a community ice-skating and conference facility including public parking areas. This debt consists of General Obligation Refunding Bonds, Taxable Series 2011 that refunded the Combination Tax and Revenue Certificates of Obligation, Taxable Series 2004. The Taxable Series 2004 were self-supporting general obligation debt based upon amounts received under a Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P., with respect to the Dallas Stars Ice Skating facility located in the City. The obligation of the Dallas Stars to make lease payments to the City to support the payment of the bonds is dependent on the satisfaction of certain ongoing requirements in the Lease. Payments under the Lease are not pledged to the payment of the bonds. If the City determines not to use payments under the Lease, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations. For fiscal year 2018, the lease revenue available for debt service was 1.02 times the average annual debt service requirement.

Bonds payable at September 30, 2018 are comprised of the following individual issues:

General Obligation Bonds:	Sale Date	Original Borrowing	Interest Rates to Maturity (%)	Final Maturity	Outstanding Sept. 30, 2018
Certificates of obligation, taxable	2009	$ 10,000,000	1.50 - 5.22	2024	$ 4,745,000
General obligation refunding and improvement bonds	2010	5,605,561	2.00 - 4.00	2030	3,892,684
General obligation refunding bonds, taxable	2011	7,054,057	0.44 -4.00	2025	4,184,585
Certificates of obligation	2012	3,000,000	1.69	2023	1,575,000
Certificates of obligation	2013	7,148,755	2.50 - 4.50	2032	5,758,552
Certificates of obligation	2014	2,042,906	2.00 - 5.00	2024	1,276,514
General obligation bonds	2014	14,691,338	2.00 - 5.00	2034	9,893,169
Certificates of obligation	2016	2,694,083	2.00 - 3.00	2036	2,466,690
Certificates of obligation	2018	11,180,013	3.00 - 5.00	2038	11,145,043
General obligation bonds	2018	14,212,298	3.25 - 4.00	2038	14,198,293
Total General Obligation Bonds		$ 77,629,011			$ 59,135,530

The City currently has $10,000,000 of authorized, but unissued, general obligation bonds.

Legal Debt Margin – The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

Calculation of Legal Debt Margin – September 30, 2018

Adjusted Tax Base Valuation	$5,101,985,597
Constitutional Limit	2.5% of assessed valuation
Maximum Constitutional Revenue Available	$127,549,640
Tax Rate to Achieve Maximum Tax Revenue	$2.5000 per $100 of valuation
Adopted Tax Rate for Fiscal Year 2017-18	$0.602267 per $100 of valuation
Available Unused Constitutional Maximum Tax Rate	$1.897733 per $100 of valuation

Developer Advances – In prior years, the City entered into a development agreement, whereby American Realty Trust, Inc., Income Opportunity Realty Investors, Inc., and Transcontinental Realty Investors, Inc. agreed to advance funds to the City for project construction costs in Tax Increment Financing District No. 1 ("TIF No. 1"). The funds advanced and interest payable may be reimbursed only from the TIF No. 1 fund to the extent such funds are on deposit in the fund. Interest accrues beginning from the date the funds are received by the City. The interest rate is the lower of six percent or the developer's actual cost of funds. This interest is calculated on a simple straight-line basis semiannually on the unpaid balance plus accrued interest to date. This amount may be reimbursed only from the Tax Increment Financing District No. 1 ("TIF No. 1") to the extent such funds are on deposit in the fund. Current revenue projections indicate repayment of most of the accrued interest of approximately $11.7 million will be unlikely before the TIF No. 1 expires on December 31, 2019.

Landfill Closure and Postclosure Costs – The City owns a sanitary landfill site located in the city of Lewisville, Texas. On October 1, 2008, the City renewed a previous ten-year contract with Allied Waste North America, Inc. ("Allied Waste") for the operation and management of the landfill. The current agreement continues until all permitted air space has been filled with waste material.

The landfill operates on a "cell" basis and state and federal laws require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The site capacity of 53.2 million cubic yards will be reached in approximately 34 years. The City recognizes a portion of the final closure and postclosure care liability in each operating period even though actual final payout will not occur until the landfill is completely closed.

The amount recognized as a liability is based on the landfill capacity used as of the balance sheet date. As of September 30, 2018, the City had incurred a liability of $6,569,960, which represents the amount of costs estimated to date based on 34% of landfill capacity used to date. This amount includes a reduction of $19,634 for closure related expenditures paid during fiscal year 2018. The remaining estimated liability for these costs is $12,634,538, which will be recognized as the remaining capacity is used. Additionally, during the term of the agreement, the City is required to maintain a special revenue fund for future landfill closure and postclosure costs and has restricted the fund balance of $3,036,054 for these costs. The estimated cost of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws, and other variables.

Changes in long-term liabilities - Changes in the City's long-term liabilities for the year ended September 30, 2018 are as follows:

	Balance at Beginning of Year, As Restated	Increase	Decrease	Balance at End of Year	Due Within One Year	Due Within More Than One Year
Governmental activities						
General obligation bonds	$ 35,850,000	$ 24,055,000	$ (3,445,000)	$ 56,460,000	$ 3,680,000	$ 52,780,000
Premium	1,492,191	1,337,311	(153,972)	2,675,530	222,537	2,452,993
Total bonds payable	37,342,191	25,392,311	(3,598,972)	59,135,530	3,902,537	55,232,993
Developer advances	4,437,028		(2,036,000)	2,401,028		2,401,028
Compensated absences	5,230,119	2,486,314	(2,432,870)	5,283,563	529,584	4,753,979
Net pension liability	33,392,477	21,237,230	(34,515,369)	20,114,338		20,114,338
Total OPEB liability	4,932,492	433,351	(443,061)	4,922,782		4,922,782
Claims	640,085	3,385,530	(3,347,671)	677,944	512,473	165,471
Landfill closure and postclosure care costs	4,728,953	1,860,641	(19,634)	6,569,960		6,569,960
Governmental activities long-term debt	$ 90,703,345	$ 54,795,377	$ (46,393,577)	$ 99,105,145	$ 4,944,594	$ 94,160,551
Business-type activities						
Compensated absences	$ 191,691	$ 124,367	$ (110,556)	$ 205,502	$ 38,254	$ 167,248
Net pension liability	1,803,543	1,138,947	(1,851,051)	1,091,439		1,091,439
Total OPEB liability	487,829	42,859	(43,819)	486,869		486,869
Business-type activities long-term debt	$ 2,483,063	$ 1,306,173	$ (2,005,426)	$ 1,783,810	$ 38,254	$ 1,745,556
Total	$ 93,186,408	$ 56,101,550	$ (48,399,003)	$ 100,888,955	$ 4,982,848	$ 95,906,107

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year-end, internal service fund liabilities for claims payable of $677,944, compensated absences of $132,201, total OPEB liability of $270,482, and net pension liability of $617,621 are included in the above amounts. In addition, for the governmental activities, claims payable, compensated absences, total OPEB liability and net pension liability are generally liquidated by the general fund. The developer advances will be liquidated from the TIF No. 1 District capital projects fund. The landfill closure and postclosure care costs will be liquidated from the landfill closure/postclosure fund.

The debt service requirements at September 30, 2018 are as follows:

	General Obligation Bonds		
Year Ending September 30	Principal	Interest	Total
2019	$ 3,902,537	$ 2,044,840	$ 5,947,377
2020	4,342,537	1,883,295	6,225,832
2021	4,432,537	1,707,525	6,140,062
2022	4,612,537	1,522,332	6,134,869
2023	4,771,316	1,325,955	6,097,271
2024-2028	14,729,924	4,812,207	19,542,131
2029-2033	13,599,216	2,474,628	16,073,844
2034-2038	8,744,926	643,376	9,388,302
Total	$ 59,135,530	$ 16,414,158	$ 75,549,688

H. Risk Management and Other Information

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters: and, injuries to employees. A Schedule of Insurance Policies in Force showing the type of coverage, deductible, and liability limit is shown in Table 18 on page 104.

Workers' Compensation Insurance - The City has established the workers' compensation fund (an internal service fund) to account for workers' compensation uninsured risks of loss. Under this program, the workers' compensation fund provides coverage for up to a maximum of $350,000 for each workers' compensation occurrence claim.

The costs associated with this self-insurance plan are funded by charges to the City's other funds. Liabilities include provisions for claims reported and claims incurred, but not reported. The provision for reported claims is computed by the City's third party administrator based upon standard actuarial principles. The provision for claims incurred, but not yet reported, is estimated based on the City's experience and an actuarial study that was performed during fiscal year 2017. State law provides that the City is relieved of liability if notice of employee injury is not been received within 30 days of the date on which the injury occurs.

At September 30, 2018, the amount of workers' compensation liabilities was $300,857. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for unpaid claims includes allocated loss adjustment expenses (ALAE), which are primarily legal expenses. Changes in the balance of claims liability during the past two years are as follows:

Fiscal Year	Beginning Fiscal Year Liability	Claims Incurred	Claims Payments	Changes in Estimates	Ending Fiscal Year Liability
2016-2017	$345,482	$81,454	($155,076)	$12,041	$283,901
2017-2018	$283,901	$213,994	($242,737)	$45,699	$300,857

At September 30, 2018, workers' compensation fund cash and investments of $847,781 were held for the purpose of funding future obligations. The City continues to carry commercial insurance for other risks of loss (except medical insurance as described in the following section). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Group Medical Insurance – The health claims fund (an internal service fund) was established to account for the provision of group medical insurance coverage for employees and their dependents. The City's medical insurance program is a "self-insured" plan funded by both the City and participating employees. The City makes a predetermined contribution to the plan each month for a portion of medical group insurance coverage. This is done on a bi-monthly basis for qualifying City employees and their dependents. Employees contribute through payroll deductions for the balance of their medical coverage.

The City's medical insurance program is made up of two contracts, a specific stop loss contract and an aggregate stop loss contract. The specific stop loss contract has a specific deductible of $125,000 per individual and an $80,000 aggregating specific corridor with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a minimum attachment point of $4,499,411. The attachment point may go up based on an increase in enrollment, but the minimum or lowest it will ever be is $4,499,411. The aggregate contract will pay up to $1,000,000 on total claims over the attachment point.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for this service.

At September 30, 2018, the amount of estimated claims payable was $377,087. Changes in the reported liability since October 1, 2016 resulted from the following:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2016-2017	$371,358	$2,919,837	($2,935,011)	$356,184
2017-2018	$356,184	$3,125,837	($3,104,934)	$377,087

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an independent consultant.

1) Commitments and Contingencies

The City has several long-term agreements with significant commitments as follows:

a. City of Dallas Water Purchase Agreement - The City purchases treated water from the City of Dallas under a 30-year contract negotiated in August 2010. The City makes payments to the City of Dallas at a rate of $.4565 per 1,000 gallons plus $280,458 per year for each million gallons per day rate of flow (maximum delivery rate). The City paid $6,084,328 to the City of Dallas for the fiscal year ended September 30, 2018.

b. Trinity River Authority (the "Authority") Sewage Disposal Agreement - On November 29, 1973, the City, along with other cities, entered into a 50-year contract with the Authority, whereby the Authority will provide and operate a regional wastewater treatment plant and wastewater conveyance facility constructed with the Authority's funds. In return, the cities agreed to pay for such services based on a usage formula that will provide reimbursements for operations, maintenance, and debt service payments to the Authority. The cities are jointly and severally responsible for the above payments. Each city's proportionate share is determined annually according to its contributing flow to the system. The City paid $4,833,069 to the Authority for the fiscal year ended September 30, 2018.

The City is involved in various legal actions in which claims of varying amounts are being asserted against the City. The City follows the practice of providing for these claims when a loss is probable and a loss becomes fixed or determinable in amount. In the opinion of City management, these actions will not result in a significant impact of the City's financial position.

The City participates in several federal grant programs that are governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. For the year ended September 30, 2018, grant expenditures did not exceed the threshold for the single audit requirement; therefore, a single audit was not performed.

2) Postemployment Benefits Other Than Pensions (OPEB)

Plan Description - The City of Farmers Branch administers a single-employer defined benefit OPEB plan, the "Retiree Health Plan". The plan provides OPEB through the City's group health insurance plan, which covers both active and retired members (see funding policy below). Contributions are established through City policy as approved by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Retiree Health Plan does not issue a publicly available financial report.

The eligibility requirements are:

- Must be a current, full-time employee hired prior to January 1, 2007;
- Must have worked for the City for at least ten years, which do not need to be concurrent;
- Must meet the eligibility requirements of the Texas Municipal Retirement System (TMRS) and retire from the City; and,
- Must be on the City's health plan at the time of retirement, and for dependents to be carried on the health plan, they must be on the plan at that time.

Benefits Provided - The City contributes $575 per month toward the cost of a health reimbursement account (HRA) administered through CONEXIS, plus an annual lump sum funding of $500 to the HRA, and the full premium for life insurance coverage of $12,000. The City's contribution for future health insurance premiums is capped at a maximum of $575 per month. As an alternative, to the HRA, retirees may be provided an age-adjusted high deductible health insurance plan with no contribution from the City.

Plan members receiving benefits contribute the full group premium for dental or vision plans selected. They also pay the full premium for age-adjusted life insurance coverage if they choose coverage after they turn 65.

Employees Covered by Benefit Terms – At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	74
Inactive, nonretired members	0
Active employees	178
Total	252

The City's retiree healthcare benefit is only provided to employees who were hired prior to January 1, 2007.

Total OPEB Liability

The City's total OPEB liability of $5,409,651 was measured as of December 31, 2017, and was determined by an actuarial valuation as of December 31, 2016. Update procedures were used to roll forward the total liability to December 31, 2017.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurement, unless otherwise specified:

Actuarial cost method	Individual Entry-Age Normal
Discount rate	3.31% as of December 31, 2017
Inflation	2.50%
Salary increases	3.50% to 10.50% , including inflation
Demographic assumptions	Based on the experience study covering the four year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct RP2000 Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% . The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health care trend rates:	N/A. The City's subsidy is a fixed dollar contribution to a retiree health care account. It was assumed that 90% of retirees who are eligible for a retiree medical subsidy will choose to participate. It was assumed that 100% of eligible retirees (hired prior to 1/1/2007) would receive the life insurance benefit.

The discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.31% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.81% as of the prior measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	$ 5,420,321
Changes for the year:	
Service cost	117,900
Interest	199,485
Changes of benefit terms	0
Difference between expected and actual experience	15,272
Changes of assumptions	143,553
Benefit payments	(486,880)
Net changes	(10,670)
Balance at 12/31/2017	$ 5,409,651

There were no changes in benefit terms during the year.

Changes of assumptions reflect a change in the discount rate from 3.81% as of January 1, 2017 to 3.31% as of December 31, 2017.

Sensitivity of the Total OPEB Liability to the Discount Rate Assumption – Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.31%, as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease 2.31%	Discount Rate 3.31%	1% Increase 4.31%
Total OPEB Liability	$5,704,679	$5,409,651	$5,125,683

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption – Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$5,409,651	$5,409,651	$5,409,651

Note: The City's retiree medical benefit is a set dollar amount that is not impacted by future medical trends.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City of Farmers Branch recognized negative OPEB expense of $10,670. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 368,796	$
Changes in assumptions	120,565	
Differences between expected and actual experience	12,826	
Total	$ 502,187	$ 0

The amount of $368,796 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:	
2019	$ 25,434
2020	25,434
2021	25,434
2022	25,434
2023	25,434
Thereafter	6,221
Total	$ 133,391

3) Defined Benefit Pension Plan

Plan Description

The City of Farmers Branch participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS. The City does not participate in the Social Security system.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are 200% of the employee's accumulated contributions. Beginning in 1996 the City granted, on an annually repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically computing the member's account balance by assuming that the current member deposit rate of 7% and City matching ratio of 2 to 1 has always been in effect. The computation also assumes that the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the 2 to 1 City match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the city-financed monetary credits with interest were used to purchase an annuity. Additionally initiated in 1996, the City provides, on an annually repeating basis, increases for retirees equal to 70% of the change in the Consumer Price Index (CPI).

Members can retire at ages 60 and above with five or more years of service or with 25 years of service regardless of age. A member is vested after five years.

Employees covered by benefit terms:

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	324
Inactive employees entitled to but not yet receiving benefits	317
Active employees	398
Total	1,039

Contributions

The contribution rate for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Farmers Branch were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Farmers Branch were 18.37% and 18.73% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were $5,235,027.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

Discount rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	$ 246,516,870	$ 211,320,850	$ 35,196,020
Changes for the year:			
Service cost	4,806,867		4,806,867
Interest	16,395,749		16,395,749
Difference between expected and actual experience	1,014,084		1,014,084
Contributions - employer		5,118,344	(5,118,344)
Contributions - employee		1,964,277	(1,964,277)
Net investment income		29,283,799	(29,283,799)
Benefit payments, including refunds of employee contributions	(12,040,638)	(12,040,638)	
Administrative expense		(151,785)	151,785
Other changes		(7,692)	7,692
Net changes	$ 10,176,062	$ 24,166,305	$ (13,990,243)
Balance at 12/31/2017	$ 256,692,932	$ 235,487,155	$ 21,205,777

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Single Rate 6.75%	1% Increase 7.75%
City's net pension liability	$56,531,448	$21,205,777	$(7,788,446)

Pension plan fiduciary net position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended September 30, 2018, the City recognized pension expense of $5,020,514.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 3,934,930	$
Differences between projected and actual investment earnings		5,845,902
Changes in actuarial assumptions	170,431	
Differences between expected and actual economic experience	854,360	
Total	$ 4,959,721	$ 5,845,902

The amount of $3,934,930 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended September 30:	
2018	$ 536,078
2019	305,240
2020	(2,661,027)
2021	(3,001,402)
2022	0
Thereafter	0
Total	$ (4,821,111)

4) Accounting Standards

The GASB has issued the following Statement(s) which were implemented during the current fiscal year as shown below:

GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this Statement are effective for periods starting with the fiscal year that ends June 30, 2018. All applicable provisions have been included in the City's financial statements as of September 30, 2018.

Due to implementation of GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions",* the beginning net positions of the governmental activities and business-type activities in the statement of activities, the water and sewer fund, and the fleet and facilities management fund were restated to record the total OPEB liability and beginning deferred outflow of resources for contributions made between the measurement date and fiscal year-end.

	Ending Net Position 9/30/2017	Adjustment	Beginning Net Position 10/1/2017
Governmental activities (page 13)	$ 83,355,940	$ (2,876,679)	$ 80,479,261
Business-type activities (page 13)	52,964,406	(325,919)	52,638,487
Water and sewer fund (page 21)	50,875,379	(325,919)	50,549,460
Fleet and facilities management fund (page 75)	395,054	(212,400)	182,654

GASB Statement No. 81 - *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods starting with the fiscal year that ends December 31, 2017. All applicable provisions have been included in the City's financial statements as of September 30, 2018.

GASB Statement No. 82 - *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.* This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for the first period in which the measurement date of the pension liability is after June 15, 2017. All applicable provisions have been included in the City's financial statements as of September 30, 2018.

GASB Statement No. 85 – *Omnibus 2017.* This statement addresses a variety of issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for periods starting with the fiscal year that ends June 30, 2018. All applicable provisions have been included in the City's financial statements as of September 30, 2018.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for periods starting with the fiscal year that ends June 30, 2018. All applicable provisions have been included in the City's financial statements as of September 30, 2018.

The GASB has issued the following Statement(s) which will become effective in future years as shown below:

GASB Statement No. 83 – *Certain Asset Retirement Obligations (AROs).* This Statement addresses accounting and financial reporting for certain AROs. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will become effective September 30, 2019. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 84 – *Fiduciary Activities.* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective September 30, 2019. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 87 – *Leases.* This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement will take effect for financial statements starting with the fiscal year that ends September 30, 2021. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also includes which liabilities governments should include when disclosing information related to debt. This Statement will become effective September 30, 2019. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense of the period. This Statement will become effective September 30, 2021. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 90 – *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement will become effective September 30, 2020. Management has not yet determined the impact of this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (will ultimately be displayed)
(UNAUDITED)

Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

Measurement Year	2014	2015	2016	2017
Actuarial Valuation Date	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Total pension liability				
Service cost	$ 4,007,557	$ 4,261,691	$ 4,616,826	$ 4,806,867
Interest (on the total pension liability)	15,367,910	15,717,266	15,747,728	16,395,749
Changes of benefit terms	0	0	0	0
Difference between expected and actual experience	(3,914,413)	(698,312)	1,000,031	1,014,084
Change of assumptions	0	626,944	0	0
Benefit payments, including refunds of employee contributions	(10,236,923)	(10,957,740)	(11,677,954)	(12,040,638)
Net change in total pension liability	5,224,131	8,949,849	9,686,631	10,176,062
Total pension liability - beginning	222,656,259	227,880,390	236,830,239	246,516,870
Total pension liability - ending (a)	$ 227,880,390	$ 236,830,239	$ 246,516,870	$ 256,692,932
Plan fiduciary net position				
Contributions - employer	$ 4,951,824	$ 4,939,690	$ 4,776,281	$ 5,118,344
Contributions - employee	1,779,313	1,843,704	1,920,471	1,964,277
Net investment income	11,387,339	305,177	13,701,366	29,283,799
Benefit payments, including refunds of employee contributions	(10,236,923)	(10,957,740)	(11,677,954)	(12,040,638)
Administrative expense	(118,899)	(185,890)	(154,760)	(151,785)
Other	(9,775)	(9,182)	(8,338)	(7,692)
Net change in plan fiduciary net position	7,752,879	(4,064,241)	8,557,066	24,166,305
Plan fiduciary net position - beginning	199,075,146	206,828,025	202,763,784	211,320,850
Plan fiduciary net position - ending (b)	$ 206,828,025	$ 202,763,784	$ 211,320,850	$ 235,487,155
Net pension liability - ending [(a) - (b)]	$ 21,052,365	$ 34,066,455	$ 35,196,020	$ 21,205,777
Plan fiduciary net position as a percentage of total pension liability	90.76%	85.62%	85.72%	91.74%
Covered payroll	$ 25,406,973	$ 25,797,163	$ 26,888,911	$ 28,061,102
Net pension liability as a percentage of covered employee payroll	82.86%	132.06%	130.89%	75.57%

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Texas Municipal Retirement System - Schedule of Contributions
Last Ten Fiscal Years

Fiscal Year	(1) Actuarially determined contribution	(2) Contributions in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered payroll	(5) Actuarially determined contributions as a percentage of covered payroll (1)/(4)	(6) Contributions as a percentage of covered payroll (2)/(4)
2009	$ 5,235,865	$ 4,303,436	$ (932,429)	$ 26,997,770	19.39%	15.94%
2010	5,944,245	4,710,833	(1,233,412)	27,265,998	21.80%	17.28%
2011	5,820,537	4,832,072	(988,465)	26,147,793	22.26%	18.48%
2012	4,730,179	4,730,179	0	24,713,567	19.14%	19.14%
2013	4,875,095	4,875,095	0	24,834,269	19.63%	19.63%
2014	4,919,572	4,919,572	0	25,143,279	19.57%	19.57%
2015	4,887,161	4,887,161	0	25,596,098	19.09%	19.09%
2016	4,859,534	4,859,534	0	26,799,133	18.13%	18.13%
2017	5,042,680	5,042,680	0	27,664,216	18.23%	18.23%
2018	5,235,027	5,235,027	0	28,294,655	18.50%	18.50%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rate multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes	There were no benefit changes during the year.

REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FISCAL YEAR ENDING SEPTEMBER 30, 2018
LAST TEN YEARS (will ultimately be displayed)
(UNAUDITED)

Retiree Health Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
Fiscal Year Ending September 30, 2018
Last 10 Years (will ultimately be displayed)

Total OPEB liability		
Service cost	$	117,900
Interest on the total OPEB liability		199,485
Changes of benefit terms		0
Difference between expected and actual experience of the total OPEB liability		15,272
Changes of assumptions		143,553
Benefit payments		(486,880)
Net change in total pension liability		(10,670)
Total OPEB liability - beginning		5,420,321
Total OPEB liability - ending	$	5,409,651
Covered-employee payroll	$	12,668,540
Net OPEB liability as a percentage of covered-employee payroll		42.70%

Changes of assumptions reflect a change in the discount rate from 3.81% as of January 1, 2017 to 3.31% as of December 31, 2017.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Funds:

Hotel/Motel - to account for receipt and allocation of the City's hotel/motel occupancy tax. Use of this tax is limited by law to the promotion of tourism. The City hotel occupancy tax rate for its twelve hotels is 7%.

Police Forfeitures - to account for proceeds from the sale of assets seized in connection with drug arrests. Revenues are restricted to law enforcement expenditures.

Donations - to account for voluntary contributions for community improvement.

Cemetery – to account for grounds maintenance of Keenan Cemetery.

Tax Increment Reinvestment Zone No. 3 – to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments.

Grants - to account for grant revenues and expenditures.

Municipal Court Fees – to account for the municipal court building security fee dedicated to courthouse security and the municipal court technology fee for the purchase of technological enhancements.

Landfill Closure/Postclosure - to account for the accumulated contributions from a prior contract with Allied Waste North America, Inc. to provide resources for current and future landfill costs related to closure/postclosure.

Joint Fire Training – to account for the contributions from the participating cities to pay for the operations of the Joint Fire Training facility.

PEG Access Channel – to account for Public, Educational, Governmental (PEG) access channel capital support. Funding source is 1% of cable franchisees' gross revenue.

Farmers Branch Local Government Corporation – to account for activities to further the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in Farmers Branch, and currently to develop oil, natural gas and other mineral interests on behalf of the City.

Residential Revitalization Bond – to finance the City's programs for economic development for single-family residential redevelopment and revitalization in the City.

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest. The governmental long-term debt serviced by the Debt Service Fund consists of general obligation bonds and special revenue bonds.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the Enterprise Fund. The following is a description of the City's Capital Projects Funds:

Non-Bond Capital Projects – to account for the acquisition and construction of major capital facilities.

Radio System Bond – to account for public radio system upgrades and improvements.

Consolidated Dispatch Bond – to account for acquiring, equipping, or constructing of joint public safety dispatch, communications, and training facilities.

Aquatic Center Bond – to account for the design, construction, and equipment for the new aquatics facility.

Justice Center Improvement Bond – to account for funds to be used for security upgrades, expansion and modernization including shielding for Police and Court, upgrades to locker rooms, evidence and patrol rooms for Police, and updates to jury deliberations and Marshal's office for Court.

TIF No. 1 District - to account for infrastructure construction in the Mercer Crossing tax increment financing district and is funded from developer contributions, developer advances, and property tax payments.

TIF No. 2 District - to account for infrastructure construction in the Old Farmers Branch tax increment financing district and is funded from developer contributions, developer advances, and property tax payments.

Trails & Sidewalks Bond – to provide funds for park and open space improvements, including trails, sidewalks and nature preserves.

COMBINING BALANCE SHEET - SUMMARY
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	$ 7,182,412	$ 1,015,476	$ 8,161,138	$ 16,359,026
Receivables (net of allowance for uncollectibles)	409,886	112,473	56,630	578,989
Accrued interest and other	28,998		31,281	60,279
Prepaid items	688			688
Total assets	$ 7,645,784	$ 1,127,949	$ 8,249,049	$ 17,022,782
LIABILITIES				
Accounts payable	$ 389,145	$	$ 131,486	$ 520,631
Deposits payable		300,000	146,095	446,095
Unearned revenue - other	54,925			54,925
Total liabilities	444,070	300,000	295,268	1,039,338
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		102,043	8,498	110,541
Total deferred inflows of resources		102,043	8,498	110,541
FUND BALANCES				
Nonspendable:				
Inventory	23,800			23,800
Prepaid items	688			688
Restricted for:				
Construction of capital assets			4,694,491	4,694,491
Landfill closure / postclosure	3,036,054			3,036,054
Promotion of tourism	1,433,242			1,433,242
Purpose of grantors, trustees and donors	679,956			679,956
Economic development	949,488			949,488
Debt service		725,906		725,906
Law enforcement	1,078,307			1,078,307
Fire training operations	179			179
Assigned to:				
Construction of capital assets			3,250,792	3,250,792
Total fund balances	7,201,714	725,906	7,945,283	15,872,903
Total liabilities, deferred inflows of resources, and fund balances	$ 7,645,784	$ 1,127,949	$ 8,249,049	$ 17,022,782

CITY OF FARMERS BRANCH, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2018

	Nonmajor Special Revenue Funds				
	Hotel/ Motel	Police Forfeitures	Donations	Cemetery	Tax Increment Reinvestment Zone No. 3
ASSETS					
Cash, cash equivalents, and investments	$ 1,231,892	$ 237,028	$ 473,699	$ 5,500	$ 157,597
Receivables (net of allowance for uncollectibles)	299,897	2,006	75		
Accrued interest and other	7,011	792	2,129	25	688
Inventories					
Prepaid items	688				
Total assets	$ 1,539,488	$ 239,826	$ 475,903	$ 5,525	$ 158,285
LIABILITIES					
Accounts payable	$ 105,558	$ 4,346	$ 4,324	$	$
Unearned revenue - other		53,975			
Total liabilities	105,558	58,321	4,324		
FUND BALANCES					
Nonspendable:					
Inventory					
Prepaid items	688				
Restricted for:					
Landfill closure / postclosure					
Promotion of tourism	1,433,242				
Purpose of grantors, trustees, and donors			471,579	5,525	
Economic devlopment					158,285
Law enforcement		181,505			
Fire training operations					
Total fund balances	1,433,930	181,505	471,579	5,525	158,285
Total liabilities, deferred inflows of resources, and fund balances	$ 1,539,488	$ 239,826	$ 475,903	$ 5,525	$ 158,285

Nonmajor Special Revenue Funds						Total
Municipal Court Fees	Landfill Closure / Postclosure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Nonmajor Special Revenue Funds
$ 1,064,663	$ 3,020,748	$ 15,163	$ 146,072	$ 40,683	$ 789,367	$ 7,182,412
92,510			15,398			409,886
365	15,306	147	699		1,836	28,998
					23,800	23,800
						688
$ 1,157,538	$ 3,036,054	$ 15,310	$ 162,169	$ 40,683	$ 815,003	$ 7,645,784
$ 260,736	$	$ 14,181	$	$	$	$ 389,145
		950				54,925
260,736		15,131				444,070
					23,800	23,800
						688
	3,036,054					3,036,054
						1,433,242
			162,169	40,683		679,956
					791,203	949,488
896,802						1,078,307
		179				179
896,802	3,036,054	179	162,169	40,683	815,003	7,201,714
$ 1,157,538	$ 3,036,054	$ 15,310	$ 162,169	$ 40,683	$ 815,003	$ 7,645,784

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2018

	Nonmajor Capital Projects Funds							Total Nonmajor Capital Projects Funds
	Non-Bond	Radio System Bond	Consolidated Dispatch Bond	Justice Center Improvement Bond	TIF District No. 1	TIF District No. 2	Trails & Sidewalks Bond	
ASSETS								
Cash, cash equivalents, and investments	$ 3,378,225	$ 310,558	$ 100,541	$ 45,353	$ 13,951	$ 301,162	$ 4,011,348	$ 8,161,138
Receivables (net of allowance for uncollectibles)	56,630							56,630
Accrued interest and other	14,503	1,089	790	294	2,984	3,154	8,467	31,281
Total assets	$ 3,449,358	$ 311,647	$ 101,331	$ 45,647	$ 16,935	$ 304,316	$ 4,019,815	$ 8,249,049
LIABILITIES								
Accounts payable	$ 35,994	$ 95,492	$	$	$	$	$	$ 131,486
Retainage payable	16,452					1,235		17,687
Deposits payable	137,622		8,473					146,095
Total liabilities	190,068	95,492	8,473			1,235		295,268
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	8,498							8,498
Total deferred inflows of resources	8,498							8,498
FUND BALANCES								
Restricted for:								
Construction of capital assets		216,155	92,858	45,647	16,935	303,081	4,019,815	4,694,491
Assigned to:								
Construction of capital assets	3,250,792							3,250,792
Total fund balances	3,250,792	216,155	92,858	45,647	16,935	303,081	4,019,815	7,945,283
Total liabilities, deferred inflows of resources, and fund balances	$ 3,449,358	$ 311,647	$ 101,331	$ 45,647	$ 16,935	$ 304,316	$ 4,019,815	$ 8,249,049

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SUMMARY
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	$	$ 4,307,310	$	$ 4,307,310
Hotel/motel taxes	2,849,666			2,849,666
Franchise taxes	64,864			64,864
Tax increment financing	1,353		4,947,680	4,949,033
Special assessments			276	276
Charges for services		22,437		22,437
Fines and forfeitures	915,934			915,934
Investment income	95,749	600,000	95,942	791,691
Intergovernmental	77,232			77,232
Miscellaneous	440,552		63,632	504,184
Total revenues	4,445,350	4,929,747	5,107,530	14,482,627
EXPENDITURES				
Current:				
General government	365,014			365,014
Public safety	752,293			752,293
Public works	689,391			689,391
Culture and recreation	1,872,862			1,872,862
Loss due to decline in market value of land held for sale	16,563			16,563
Debt service:				
Principal retirement		3,445,000	2,036,000	5,481,000
Interest and fiscal agent charges		1,256,017		1,256,017
Issuance costs			66,251	66,251
Capital outlay			6,756,242	6,756,242
Total expenditures	3,696,123	4,701,017	8,858,493	17,255,633
Excess (deficiency) of revenues over (under) expenditures	749,227	228,730	(3,750,963)	(2,773,006)
OTHER FINANCING SOURCES (USES)				
Transfers in		7,800	1,820,000	1,827,800
Transfers out	(1,301,300)		(7,800)	(1,309,100)
Bonds issued	967,143		3,868,571	4,835,714
Premium on debt issued	48,021		192,085	240,106
Sale of capital assets/insurance recoveries		1,000		1,000
Total other financing sources (uses)	(286,136)	8,800	5,872,856	5,595,520
Net change in fund balances	463,091	237,530	2,121,893	2,822,514
Fund balances--beginning	6,738,623	488,376	5,823,390	13,050,389
Fund balances--ending	$ 7,201,714	$ 725,906	$ 7,945,283	$ 15,872,903

CITY OF FARMERS BRANCH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Nonmajor Special Revenue Funds					
	Hotel/ Motel	Police Forfeitures	Donations	Cemetery	Tax Increment Reinvestment Zone No. 3	Grants
REVENUES						
Hotel/motel taxes	$ 2,849,666	$	$	$	$	$
Franchise taxes						
Fines and forfeitures		70,230				
Investment income	30,546	1,595	6,389	75	2,063	
Intergovernmental						34,182
Tax increment financing					1,353	
Miscellaneous	54,094		303,648	1,210	81,600	
Total revenues	2,934,306	71,825	310,037	1,285	85,016	34,182
EXPENDITURES						
General government					6,951	2,434
Public safety		64,506	10,639			27,624
Public works			25,419			4,124
Culture and recreation	1,860,948		11,914			
Debt service: issuance cost						
Total expenditures	1,860,948	64,506	47,972		6,951	34,182
Excess (deficiency) of revenues over (under) expenditures	1,073,358	7,319	262,065	1,285	78,065	
OTHER FINANCING USES						
Transfers out	(1,301,300)					
General obligation bonds issued						
Premium on bonds issued						
Total other financing uses	(1,301,300)					
Net change in fund balances	(227,942)	7,319	262,065	1,285	78,065	
Fund balances--beginning	1,661,872	174,186	209,514	4,240	80,220	
Fund balances--ending	$ 1,433,930	$ 181,505	$ 471,579	$ 5,525	$ 158,285	$

Nonmajor Special Revenue Funds						Total
Municipal Court Fees	Landfill Closure / Postclosure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Nonmajor Special Revenue Funds
$	$	$	$	$	$	$ 2,849,666
			64,864			64,864
845,704						915,934
1,096	45,936	440	2,100		5,509	95,749
		43,050				77,232
						1,353
						440,552
846,800	45,936	43,490	66,964		5,509	4,445,350
102,890			63,632		189,107	365,014
606,174		43,350				752,293
	659,848					689,391
						1,872,862
					16,563	16,563
709,064	659,848	43,350	63,632		205,670	3,696,123
137,736	(613,912)	140	3,332		(200,161)	749,227
						(1,301,300)
					967,143	967,143
					48,021	48,021
					1,015,164	(286,136)
137,736	(613,912)	140	3,332		815,003	463,091
759,066	3,649,966	39	158,837	40,683		6,738,623
$ 896,802	$ 3,036,054	$ 179	$ 162,169	$ 40,683	$ 815,003	$ 7,201,714

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Nonmajor Capital Projects Funds								Total
	Non-Bond	Radio System Bond	Consolidated Dispatch Bond	Aquatic Center Bond	Justice Center Improvement Bond	TIF District No. 1	TIF District No. 2	Trails & Sidewalks Bond	Nonmajor Capital Projects Funds
REVENUES									
Tax increment financing	$	$	$	$	$	$ 3,795,486	$ 1,152,194		$ 4,947,680
Special assessments	276								276
Investment income	43,282	3,268	2,371	2,309	883	8,954	9,465	25,410	95,942
Miscellaneous		63,632							63,632
Total revenues	43,558	66,900	2,371	2,309	883	3,804,440	1,161,659	25,410	5,107,530
EXPENDITURES									
Issuance costs								66,251	66,251
Principal retirement						2,036,000			2,036,000
Capital outlay	1,011,246	39,966	757	210,937	2,352,016	1,760,891	1,380,429		6,756,242
Total expenditures	1,011,246	39,966	757	210,937	2,352,016	3,796,891	1,380,429	66,251	8,858,493
Excess (deficiency) of revenues over (under) expenditures	(967,688)	26,934	1,614	(208,628)	(2,351,133)	7,549	(218,770)	(40,841)	(3,750,963)
Bonds issued								3,868,571	3,868,571
Premium on debt issued								192,085	192,085
Transfers in	1,820,000								1,820,000
Transfers out				(7,800)					(7,800)
Total other financing sources	1,820,000			(7,800)				4,060,656	5,872,856
Net change in fund balances	852,312	26,934	1,614	(216,428)	(2,351,133)	7,549	(218,770)	4,019,815	2,121,893
Fund balances--beginning	2,398,480	189,221	91,244	216,428	2,396,780	9,386	521,851		5,823,390
Fund balances--ending	$ 3,250,792	$ 216,155	$ 92,858	$	$ 45,647	$ 16,935	$ 303,081	$ 4,019,815	$ 7,945,283

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

General Fund, Nonmajor Special Revenue Funds, and Debt Service Fund

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Adjustments	Actual Amounts	Variance with
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Final Budget
REVENUES						
Property taxes	$ 25,750,000	$ 26,115,000	$ 25,709,558	$	$ 25,709,558	$ (405,442)
Sales and use taxes	13,700,000	14,118,000	14,618,441		14,618,441	500,441
Franchise taxes	4,331,000	4,135,500	4,142,530		4,142,530	7,030
Licenses and permits	2,962,000	4,686,200	5,016,007		5,016,007	329,807
Charges for services	7,039,200	6,120,300	6,257,776		6,257,776	137,476
Fines and forfeitures	2,445,000	1,725,500	1,821,404		1,821,404	95,904
Investment income	718,000	894,400	811,617		811,617	(82,783)
Intergovernmental		250,000	250,000		250,000	
Miscellaneous	91,000	105,600	119,488		119,488	13,888
Total revenues	57,036,200	58,150,500	58,746,821		58,746,821	596,321
EXPENDITURES						
Current:						
General government:						
General government	3,568,100	3,124,900	2,581,201	131,039	2,712,240	412,660
General administration	722,100	980,900	964,538	129	964,667	16,233
Communications	648,800	656,300	605,635	24,571	630,206	26,094
Economic development	1,691,900	1,588,700	1,356,391	4,704	1,361,095	227,605
Human resources	1,029,000	1,002,600	926,297	-	926,297	76,303
Finance	2,310,900	2,348,000	2,256,314	129,021	2,385,335	(37,335)
Information services	2,636,400	2,547,800	2,521,594	(52,900)	2,468,694	79,106
Community services	2,237,600	2,087,400	1,964,540	1,875	1,966,415	120,985
Public safety:						
Police	14,083,700	13,816,200	13,484,473	23,681	13,508,154	308,046
Fire	11,490,300	11,533,800	11,127,717	21,387	11,149,104	384,696
Public works:						
Public works	4,868,800	5,109,200	4,782,240	165,624	4,947,864	161,336
Sustainability & public health	4,306,400	4,006,000	3,827,183	(18,453)	3,808,730	197,270
Culture and recreation:						
Parks and recreation	10,247,000	10,381,700	9,402,855	146,247	9,549,102	832,598
Library	1,883,000	1,885,300	1,753,979	106,592	1,860,571	24,729
Total expenditures	61,724,000	61,068,800	57,554,957	683,517	58,238,474	2,830,326
Deficiency of revenues under expenditures	(4,687,800)	(2,918,300)	1,191,864	(683,517)	508,347	3,426,647
OTHER FINANCING SOURCES (USES)						
Transfers in	5,453,200	5,203,200	5,203,200		5,203,200	
Transfers out	(1,020,000)	(1,820,000)	(1,820,000)		(1,820,000)	
Sale of general capital assets	25,000	1,119,200	1,122,032		1,122,032	2,832
Insurance recoveries	20,000	48,300	48,491		48,491	191
Total other financing sources	4,478,200	4,550,700	4,553,723		4,553,723	3,023
Net change in fund balance	(209,600)	1,632,400	5,745,587	(683,517)	5,062,070	3,429,670
Fund balances--beginning	13,808,863	13,808,863	14,330,478	(521,615)	13,808,863	
Fund balances--ending	$ 13,599,263	$ 15,441,263	$ 20,076,065	$ (1,205,132)	$ 18,870,933	$ 3,429,670

CITY OF FARMERS BRANCH, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Hotel/Motel			Police Forfeitures		
	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
REVENUES						
Hotel taxes	$ 2,800,000	$ 2,849,666	$ 49,666	$	$	$
Fines, forfeitures, and assessments				63,700	70,230	6,530
Franchise taxes						
Tax increment financing						
Investment income	37,500	30,546	(6,954)	3,700	1,595	(2,105)
Intergovernmental						
Donations and miscellaneous	48,300	54,094	5,794			
Total revenues	2,885,800	2,934,306	48,506	67,400	71,825	4,425
EXPENDITURES						
General government						
Public safety				90,000	60,411	29,589
Public works						
Culture and recreation	2,103,600	1,970,847	132,753			
Debt service: issuance cost						
Total expenditures	2,103,600	1,970,847	132,753	90,000	60,411	29,589
Excess (deficiency) of revenues over (under) expenditures	782,200	963,459	181,259	(22,600)	11,414	34,014
OTHER FINANCING USES						
Transfers out	(1,301,300)	(1,301,300)				
Bonds issued						
Premium on bonds issued						
Total other financing uses	(1,301,300)	(1,301,300)				
Net change in fund balances	(519,100)	(337,841)	181,259	(22,600)	11,414	34,014
Fund balances--beginning	1,288,734	1,288,734		170,091	170,091	
Fund balances--ending	$ 769,634	$ 950,893	$ 181,259	$ 147,491	$ 181,505	$ 34,014

Donations			Cemetery			Tax Increment Reinvestment Zone No. 3		
Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
$	$	$	$	$	$	$	$	$
						1,353	1,353	
5,200	6,389	1,189		75	75	2,000	2,063	63
307,146	303,648	(3,498)		1,210	1,210	81,600	81,600	
312,346	310,037	(2,309)		1,285	1,285	84,953	85,016	63
1,500		1,500				81,353	6,951	74,402
12,800	10,639	2,161						
155,000	152,359	2,641						
56,900	39,426	17,474						
226,200	202,424	23,776				81,353	6,951	74,402
86,146	107,613	21,467		1,285	1,285	3,600	78,065	74,465
86,146	107,613	21,467		1,285	1,285	3,600	78,065	74,465
209,514	209,514		4,240	4,240		80,220	80,220	
$ 295,660	$ 317,127	$ 21,467	$ 4,240	$ 5,525	$ 1,285	$ 83,820	$ 158,285	$ 74,465

(continued)

CITY OF FARMERS BRANCH, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Grants			Municipal Court Fees		
	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
REVENUES						
Hotel taxes	$	$	$	$	$	$
Fines, forfeitures, and assessments				819,100	845,704	26,604
Franchise taxes						
Tax increment financing						
Investment income				1,800	1,096	(704)
Intergovernmental	47,092	34,182	(12,910)			
Donations and miscellaneous						
Total revenues	47,092	34,182	(12,910)	820,900	846,800	25,900
EXPENDITURES						
General government	9,738	2,434	7,304	115,300	102,890	12,410
Public safety	33,230	27,624	5,606	876,400	670,727	205,673
Public works	4,124	4,124				
Culture and recreation						
Debt service: issuance cost						
Total expenditures	47,092	34,182	12,910	991,700	773,617	218,083
Excess (deficiency) of revenues over (under) expenditures				(170,800)	73,183	243,983
OTHER FINANCING USES						
Transfers out						
Bonds issued						
Premium on bonds issued						
Total other financing uses						
Net change in fund balances				(170,800)	73,183	243,983
Fund balances--beginning				759,064	759,064	
Fund balances--ending	$	$	$	$ 588,264	$ 832,247	$ 243,983

Landfill Closure / Postclosure			Joint Fire Training			PEG Access Channel		
Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
$	$	$	$	$	$	$	$	$
						60,000	64,864	4,864
62,000	45,936	(16,064)	400	440	40	2,000	2,100	100
			44,000	43,050	(950)			
100,000		(100,000)						
162,000	45,936	(116,064)	44,400	43,490	(910)	62,000	66,964	4,964
						77,300	38,451	38,849
			44,300	43,350	950			
738,500	342,987	395,513						
738,500	342,987	395,513	44,300	43,350	950	77,300	38,451	38,849
(576,500)	(297,051)	279,449	100	140	40	(15,300)	28,513	43,813
(576,500)	(297,051)	279,449	100	140	40	(15,300)	28,513	43,813
3,333,105	3,333,105		39	39		120,367	120,367	
$ 2,756,605	$ 3,036,054	$ 279,449	$ 139	$ 179	$ 40	$ 105,067	$ 148,880	$ 43,813

(continued)

CITY OF FARMERS BRANCH, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Farmers Branch Local Gov't Corporation			Residential Revitalization Bond		
	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
REVENUES						
Hotel taxes	$	$	$	$	$	$
Fines, forfeitures, and assessments						
Franchise taxes						
Tax increment financing						
Investment income				1,800	5,509	3,709
Intergovernmental						
Donations and miscellaneous						
Total revenues				1,800	5,509	3,709
EXPENDITURES						
General government				300,000	189,107	110,893
Public safety						
Public works						
Culture and recreation						
Debt service: issuance cost					16,563	(16,563)
Total expenditures				300,000	205,670	94,330
Excess (deficiency) of revenues over (under) expenditures				(298,200)	(200,161)	98,039
OTHER FINANCING USES						
Transfers out						
Bonds issued				1,000,000	967,143	(32,857)
Premium on bonds issued					48,021	48,021
Total other financing uses				1,000,000	1,015,164	15,164
Net change in fund balances				701,800	815,003	113,203
Fund balances--beginning	40,683	40,683				
Fund balances--ending	$ 40,683	$ 40,683	$	$ 701,800	$ 815,003	$ 113,203

Totals		
Revised Budget	Actual Budget Basis	Variance
$ 2,800,000	$ 2,849,666	$ 49,666
882,800	915,934	33,134
60,000	64,864	4,864
1,353	1,353	
116,400	95,749	(20,651)
91,092	77,232	(13,860)
537,046	440,552	(96,494)
4,488,691	4,445,350	(43,341)
585,191	339,833	245,358
1,056,730	812,751	243,979
897,624	499,470	398,154
2,160,500	2,010,273	150,227
	16,563	(16,563)
4,700,045	3,678,890	1,021,155
(211,354)	766,460	977,814
(1,301,300)	(1,301,300)	
1,000,000	967,143	(32,857)
	48,021	48,021
(301,300)	(286,136)	15,164
(512,654)	480,324	992,978
6,006,057	6,006,057	
$ 5,493,403	$ 6,486,381	$ 992,978

(concluded)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Property taxes	$ 4,121,300	$ 4,307,310	$ 186,010
Charges for services		22,437	22,437
Investment income	600,000	600,000	
Total revenues	4,721,300	4,929,747	208,447
EXPENDITURES			
Principal retirement	3,445,000	3,445,000	
Interest and fiscal agent charges	1,255,800	1,256,017	(217)
Total expenditures	4,700,800	4,701,017	(217)
Excess of revenues over expenditures	20,500	228,730	208,230
OTHER FINANCING USES			
Transfers in	7,800	7,800	
Sale of capital assets/insurance recoveries		1,000	1,000
Total other financing uses	7,800	8,800	
Net change in fund balances	28,300	237,530	209,230
Fund balances--beginning	488,376	488,376	
Fund balances--ending	$ 516,676	$ 725,906	$ 209,230

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financing services provided by one department to other departments of the City on a cost reimbursement basis. The following is a description of the City's Internal Service Funds:

Fleet & Facilities Management Fund - to account for materials and supplies provided exclusively to other funds and departments of the City.

Workers' Compensation Fund - to account for the City's workers' compensation self-insurance program.

Health Claims Fund – to account for the City's group health self-insurance program for employees, retirees, and their immediate families.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
ASSETS				
Current assets:				
Cash, cash equivalents, and investments	$ 1,395,663	$ 847,781	$ 811,296	$ 3,054,740
Receivables (net of allowance for uncollectibles)		5,807	11,305	17,112
Inventories	26,032			26,032
Prepaid items	8,946			8,946
Deposits		40,000		40,000
Total current assets	1,430,641	893,588	822,601	3,146,830
Noncurrent assets:				
Capital assets:				
Nondepreciable	8,170			8,170
Depreciable, net of accumulated depreciation	279,298			279,298
Total noncurrent assets	287,468			287,468
Total assets	1,718,109	893,588	822,601	3,434,298
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	126,034			126,034
Deferred outflows from OPEB	25,109			25,109
Total deferred outflows of resources	151,143			151,143
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	276,451	45,470	107,960	429,881
Compensated absences	22,985			22,985
Claims payable		135,386	377,087	512,473
Total current liabilities	299,436	180,856	485,047	965,339
Noncurrent liabilities:				
Compensated absences	109,216			109,216
Claims payable		165,471		165,471
Net pension liability	617,621			617,621
Total OPEB liability	270,482			270,482
Total noncurrent liabilities	997,319	165,471		1,162,790
Total liabilities	1,296,755	346,327	485,047	2,128,129
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	163,482			163,482
NET POSITION				
Net investment in capital assets	287,468			287,468
Unrestricted	121,547	547,261	337,554	1,006,362
Total net position	$ 409,015	$ 547,261	$ 337,554	$ 1,293,830

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
Operating revenues				
Charges for services	$ 4,535,915	$	$	$ 4,535,915
Contributions and miscellaneous		371,429	4,107,915	4,479,344
Total operating revenues	4,535,915	371,429	4,107,915	9,015,259
Operating expenses				
Personal services	1,032,126			1,032,126
Materials and supplies	1,682,153			1,682,153
Maintenance and utilities	1,508,758	3,250		1,512,008
Insurance claims and expenses		301,026	4,120,452	4,421,478
Depreciation	86,517			86,517
Total operating expenses	4,309,554	304,276	4,120,452	8,734,282
Operating income (loss)	226,361	67,153	(12,537)	280,977
Income (loss) before transfers	226,361	67,153	(12,537)	280,977
Transfers out			(470,000)	(470,000)
Change in net position	226,361	67,153	(482,537)	(189,023)
Net position-beginning	395,054	480,108	820,091	1,695,253
Change in accounting principle, GASB 75 adjustment	(212,400)			(212,400)
Net position--beginning, as restated	182,654	480,108	820,091	1,482,853
Net position--ending	$ 409,015	$ 547,261	$ 337,554	$ 1,293,830

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	$ 4,535,915	$ 365,622	$ 4,110,567	$ 9,012,104
Payments to suppliers	(3,130,328)	(3,250)		(3,133,578)
Payments to employees	(1,037,599)			(1,037,599)
Payments for claims		(270,970)	(4,080,712)	(4,351,682)
Net cash provided by operating activities	367,988	91,402	29,855	489,245
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer out to other funds			(470,000)	(470,000)
Net cash used for noncapital financing activities			(470,000)	(470,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(34,132)			(34,132)
Net cash used for capital and related financing activities	(34,132)			(34,132)
Net increase (decrease) in cash and cash equivalents	333,856	91,402	(440,145)	(14,887)
Cash and cash equivalents - beginning of year	1,061,807	756,379	1,251,441	3,069,627
Cash and cash equivalents - end of year	$ 1,395,663	$ 847,781	$ 811,296	$ 3,054,740
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 226,361	$ 67,153	$ (12,537)	$ 280,977
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	86,517			86,517
Changes in assets and liabilities:				
(Increase) decrease in receivables		(5,807)	2,652	(3,155)
Increase in inventories	(1,149)			(1,149)
Increase in prepaid items	(4,008)			(4,008)
Increase in deferred inflows of resources	138,320			138,320
Increase in accrued liabilities	66,615	13,100	18,837	98,552
Increase in claims payable		16,956	20,903	37,859
Decrease in net pension liability	(372,140)			(372,140)
Decrease in total OPEB liability	(534)			(534)
Increase in accrued compensated absences	7,209			7,209
Decrease in deferred outflows of resources	220,797			220,797
Net cash provided by operating activities	$ 367,988	$ 91,402	$ 29,855	$ 489,245

STATISTICAL SECTION
(Unaudited)

The City of Farmers Branch's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

		Page
Financial Trends	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	78 – 85
Revenue Capacity	These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	86 – 93
Debt Capacity	These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	94 – 96
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	97 – 98
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	99 – 104
Other Information	This schedule offers additional analysis regarding rapidly growing expenses or areas of financial concern that are of interest to the users of the financial statements.	105

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF FARMERS BRANCH, TEXAS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities:					
Net investment in capital assets	$ 101,952,256	$ 104,287,452	$ 102,606,658	$ 101,949,868	$ 100,736,048
Restricted	6,735,813	3,481,483	3,717,854	3,451,946	3,593,339
Unrestricted	(3,195,423)	(11,074,138)	(11,993,823)	(14,520,916)	(16,136,740)
Total governmental activities net position	$ 105,492,646	$ 96,694,797	$ 94,330,689	$ 90,880,898	$ 88,192,647
Business-type activities:					
Net investment in capital assets	$ 43,477,996	$ 42,116,214	$ 40,934,305	$ 40,608,870	$ 40,637,368
Unrestricted	16,882,766	15,985,128	15,810,965	15,129,064	13,945,376
Total business-type activities net position	$ 60,360,762	$ 58,101,342	$ 56,745,270	$ 55,737,934	$ 54,582,744
Primary government:					
Net investment in capital assets	$ 145,430,252	$ 146,403,666	$ 143,540,963	$ 142,558,738	$ 141,373,416
Restricted	6,735,813	3,481,483	3,717,854	3,451,946	3,593,339
Unrestricted	13,687,343	4,910,990	3,817,142	608,148	(2,191,364)
Total primary government net position	$ 165,853,408	$ 154,796,139	$ 151,075,959	$ 146,618,832	$ 142,775,391

Notes:

(1) The fiscal year 2009 governmental activities net investment in capital assets and unrestricted net position have been restated with the retroactive application of GASB Statement 51 to include intangible assets.

(2) The fiscal year 2010 governmental activities were restated with implementation of GASB Statement 61 and inclusion of the Farmers Branch Local Government Corporation as a blended component unit instead of as a discretely presented component unit.

(3) The fiscal year 2011 governmental activities were restated with implementation of GASB Statement 65 and elimination of deferred charges for issuance costs.

(4) The fiscal year 2015 governmental activities were restated with implementation of GASB Statements 68 & 71 to record a beginning net pension liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

(5) The fiscal year 2018 governmental activities were restated with implementation of GASB Statements 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

Fiscal Year				
2014	2015	2016	2017	2018
$ 97,650,889	$ 98,590,058	$ 98,496,787	$ 102,598,166	$ 111,614,735
4,792,147	6,147,754	7,152,723	5,347,455	5,004,542
(16,653,141)	(31,206,669)	(32,114,251)	(24,589,681)	(23,365,364)
$ 85,789,895	$ 73,531,143	$ 73,535,259	$ 83,355,940	$ 93,253,913
$ 40,410,276	$ 42,443,950	$ 41,529,619	$ 40,158,599	$ 44,369,653
11,487,795	9,076,311	10,471,923	12,805,807	15,252,063
$ 51,898,071	$ 51,520,261	$ 52,001,542	$ 52,964,406	$ 59,621,716
$ 138,061,165	$ 141,034,008	$ 140,026,406	$ 142,756,765	$ 155,984,388
4,792,147	6,147,754	7,152,723	5,347,455	5,004,542
(5,165,346)	(22,130,358)	(21,642,328)	(11,783,874)	(8,113,301)
$ 137,687,966	$ 125,051,404	$ 125,536,801	$ 136,320,346	$ 152,875,629

CITY OF FARMERS BRANCH, TEXAS

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	Fiscal Year							
	2009	2010	2011	2012	2013	2014	2015	2016
Expenses								
Governmental activities								
General government	$ 11,451,648	$ 16,076,317	$ 11,808,807	$ 11,884,776	$ 10,914,452	$ 13,133,503	$ 12,623,901	$ 14,578,536
Public safety	21,375,045	22,032,570	22,439,143	21,414,818	22,772,965	22,147,916	22,025,873	25,223,791
Public works	16,056,692	9,739,019	8,562,557	8,509,565	8,875,224	11,683,321	9,414,374	9,262,380
Culture and recreation	12,838,761	13,335,886	12,824,261	12,866,193	12,739,313	11,820,723	12,588,417	14,084,036
Interest on long-term debt	1,662,921	1,925,378	1,821,645	1,775,374	1,887,714	2,141,082	2,344,088	2,359,900
Unallocated depreciation	32,530	129,904	126,464	605,266	126,464	126,464	126,464	273,962
Total governmental activities expenses	63,417,597	63,239,074	57,582,877	57,055,992	57,316,132	61,053,009	59,123,117	65,782,605
Business-type activities:								
Water and sewer	12,202,196	12,889,881	11,937,355	11,712,523	12,249,982	12,393,782	13,095,850	15,187,138
Public improvement district							570,356	274,895
Total business-type activities expenses	12,202,196	12,889,881	11,937,355	11,712,523	12,249,982	12,393,782	13,666,206	15,462,033
Total primary government expenses	$ 75,619,793	$ 76,128,955	$ 69,520,232	$ 68,768,515	$ 69,566,114	$ 73,446,791	$ 72,789,323	$ 81,244,638
Program Revenues								
Governmental activities:								
Charges for services								
Public safety	$ 3,840,336	$ 4,264,166	$ 4,241,073	$ 3,989,457	$ 4,283,496	$ 4,379,539	$ 4,441,054	$ 4,694,946
Public works	2,202,169	2,753,067	2,726,198	2,308,598	2,254,323	2,279,435	2,287,633	2,481,706
Other	1,493,047	1,519,291	2,109,977	2,356,793	2,386,019	2,081,908	3,346,842	2,952,599
Operating grants and contributions	134,927	245,328	151,228	310,341	781,993	552,131	335,647	349,473
Capital grants and contributions	292,271	1,460,179	720,581	709,138	303,998	98,600	401,271	253,844
Total governmental activities program revenues	7,962,750	10,242,031	9,949,057	9,674,327	10,009,829	9,391,613	10,812,447	10,732,568
Business-type activities:								
Charges for services	14,188,751	13,368,650	14,737,572	14,059,819	14,194,339	14,576,404	17,746,563	20,083,136
Capital grants and contributions						290,890	3,800	
Total business-type activities program revenues	14,188,751	13,368,650	14,737,572	14,059,819	14,194,339	14,867,294	17,750,363	20,083,136
Total primary government program revenues	$ 22,151,501	$ 23,610,681	$ 24,686,629	$ 23,734,146	$ 24,204,168	$ 24,258,907	$ 28,562,810	$ 30,815,704
Net (Expense)/Revenue								
Governmental activities	$ (55,454,847)	$ (52,997,043)	$ (47,633,820)	$ (47,381,665)	$ (47,306,303)	$ (51,661,396)	$ (48,310,670)	$ (55,050,037)
Business-type activities	1,986,555	478,769	2,800,217	2,347,296	1,944,357	2,473,512	4,084,157	4,621,103
Total primary government net expense	$ (53,468,292)	$ (52,518,274)	$ (44,833,603)	$ (45,034,369)	$ (45,361,946)	$ (49,187,884)	$ (44,226,513)	$ (50,428,934)
General Revenues and Other Changes in Net Position								
Governmental activities								
Taxes								
Property taxes, levied for general purposes	$ 17,087,985	$ 18,311,639	$ 18,109,178	$ 17,284,378	$ 17,707,657	$ 18,886,710	$ 20,727,595	$ 22,191,443
Property taxes, levied for debt service	2,147,917	2,731,178	1,474,045	1,506,258	1,284,446	2,075,008	3,903,953	3,926,612
Sales and use taxes	11,912,047	10,890,296	11,988,696	12,750,809	13,689,917	13,430,485	13,363,544	13,639,841
Other taxes	8,332,827	7,649,667	8,050,487	7,123,827	7,471,449	7,724,433	8,508,637	9,457,598
Investment income	2,039,487	1,777,261	1,379,360	1,341,782	1,386,221	1,872,535	1,591,991	1,664,659
Gain on sale/retirement of capital assets	36,787	20,953	56,546	536,320	4,862	36,873	124,938	
Transfers	3,350,300	2,818,200	4,211,400	3,388,500	3,073,500	5,232,600	3,469,420	4,174,000
Total governmental activities	44,907,350	44,199,194	45,269,712	43,931,874	44,618,052	49,258,644	51,690,078	55,054,153
Business-type activities:								
Investment income	248,022	62,486	55,111	33,868	20,563	17,915	21,560	34,178
Gain on sale/retirement of capital assets	25,716	17,525			(46,610)	56,500		
Transfers	(3,350,300)	(2,818,200)	(4,211,400)	(3,388,500)	(3,073,500)	(5,232,600)	(3,469,420)	(4,174,000)
Total business-type activities	(3,076,562)	(2,738,189)	(4,156,289)	(3,354,632)	(3,099,547)	(5,158,185)	(3,447,860)	(4,139,822)
Total primary government	$ 41,830,788	$ 41,461,005	$ 41,113,423	$ 40,577,242	$ 41,518,505	$ 44,100,459	$ 48,242,218	$ 50,914,331
Change in Net Position								
Governmental activities	$ (10,547,497)	$ (8,797,849)	$ (2,364,108)	$ (3,449,791)	$ (2,688,251)	$ (2,402,752)	$ 3,379,408	$ 4,116
Business-type activities	(1,090,007)	(2,259,420)	(1,356,072)	(1,007,336)	(1,155,190)	(2,684,673)	636,297	481,281
Total primary government	$ (11,637,504)	$ (11,057,269)	$ (3,720,180)	$ (4,457,127)	$ (3,843,441)	$ (5,087,425)	$ 4,015,705	$ 485,397

Notes:

(1) The fiscal year 2009 governmental activities net investment in capital assets and unrestricted net position have been restated with the retroactive application of GASB Statement 51 to include intangible assets.

(2) The fiscal year 2010 governmental activities were restated with implementation of GASB Statement 61 and inclusion of the Farmers Branch Local Government Corporation as a blended component unit instead of as a discretely presented component unit.

(3) The fiscal year 2011 governmental activities were restated with implementation of GASB Statement 65 and elimination of deferred charges for issuance costs.

(4) The fiscal year 2015 governmental activities were restated with implementation of GASB 68 & 71 to record a beginning net pension liaibilty and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

(5) The fiscal year 2018 governmental activities were restated with implementation of GASB 75 to record a beginning net OPEB liaibilty and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

TABLE 2

Fiscal Year 2017	Fiscal Year 2018
$ 16,573,789	$ 16,174,829
26,982,151	25,966,603
304,447	12,433,845
14,415,728	13,864,483
2,217,026	2,812,608
277,305	272,867
60,770,446	71,525,235
16,086,557	17,132,596
647,624	284,185
16,734,181	17,416,781
$ 77,504,627	$ 88,942,016
$ 4,734,932	$ 4,254,309
2,651,878	3,342,887
3,581,692	6,900,369
600,602	719,367
560,197	6,471,947
12,129,301	21,688,879
21,271,417	25,155,472
	3,368,829
21,271,417	28,524,301
$ 33,400,718	$ 50,213,180
$ (48,641,145)	$ (49,836,356)
4,537,236	11,107,520
$ (44,103,909)	$ (38,728,836)
$ 24,509,410	$ 25,617,820
4,291,764	4,309,918
13,936,336	14,618,441
10,600,730	12,032,639
1,447,475	1,787,154
59,927	17,136
3,616,184	4,227,900
58,461,826	62,611,008
41,812	103,609
(3,616,184)	(4,227,900)
(3,574,372)	(4,124,291)
$ 54,887,454	$ 58,486,717
$ 9,820,681	$ 12,774,652
962,864	6,983,229
$ 10,783,545	$ 19,757,881

CITY OF FARMERS BRANCH, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
General Fund						
Nonspendable	$ 17,375	$ 7,567	$ 50,752	$ 68,355	$ 53,954	$ 69,257
Committed	40,277					
Assigned	1,100,824	394,086	2,314,053	2,901,641	3,011,161	3,731,449
Unassigned	7,670,573	8,226,571	9,280,794	8,629,830	8,942,763	7,538,450
Total general fund	$ 8,829,049	$ 8,628,224	$ 11,645,599	$ 11,599,826	$ 12,007,878	$ 11,339,156
All Other Governmental Funds						
Nonspendable	$ 333,931	$ 205,312	$ 212,669	$ 5,518	$ 5,625	$ 5,703
Restricted	15,832,658	20,614,884	16,893,106	13,893,159	22,579,131	33,062,581
Assigned	2,336,975	2,487,727	1,953,244	538,109	442,101	510,988
Unassigned		(130,728)	(77,942)			
Total all other governmental funds	$ 18,503,564	$ 23,177,195	$ 18,981,077	$ 14,436,786	$ 23,026,857	$ 33,579,272

Notes:
(1) Fiscal year 2010 was restated with implementation of GASB Statement 61 in fiscal year 2011.

Fiscal Year			
2015	2016	2017	2018
$ 132,756	$ 448,649	$ 517,318	$ 410,007
4,676,363	4,182,793	3,629,261	5,244,119
7,907,059	8,257,163	10,183,899	14,421,939
$ 12,716,178	$ 12,888,605	$ 14,330,478	$ 20,076,065
$ 5,647	$ 1,178,410	$ 813	$ 24,488
22,883,726	19,182,416	15,144,319	33,841,817
990,659	1,842,960	2,398,480	3,250,792
$ 23,880,032	$ 22,203,786	$ 17,543,612	$ 37,117,097

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
REVENUES						
Property taxes	$ 19,256,366	$ 21,260,191	$ 19,638,998	$ 18,743,734	$ 19,200,726	$ 21,083,842
Sales and use taxes	11,912,047	10,890,296	11,988,696	12,750,809	13,689,917	13,430,485
Hotel/motel taxes	1,974,308	1,821,619	2,017,819	1,932,530	2,253,459	2,396,399
Franchise taxes	4,338,892	4,217,372	4,628,888	4,224,443	4,419,509	4,495,241
Tax increment financing	2,097,654	931,118	1,879,338	868,477	910,899	1,007,993
Licenses and permits	485,241	559,979	886,511	1,012,913	1,015,017	930,443
Charges for services	4,360,812	4,803,469	4,780,573	4,624,287	4,539,757	4,522,186
Fines and forfeitures	2,576,170	3,052,061	3,114,924	2,855,363	3,070,412	3,090,300
Special assessments	587,540	443,793	14,096	42,676	9,806	7,585
Investment income	2,020,987	1,402,261	1,381,715	1,320,647	1,342,026	1,360,409
Inventories						
Intergovernmental	321,647	1,522,035	775,339	691,339	569,703	569,418
Miscellaneous	133,998	277,556	339,621	438,008	640,342	171,238
Total revenues	50,065,662	51,181,750	51,446,518	49,505,226	51,661,573	53,065,539
EXPENDITURES						
General government	9,938,068	10,171,986	9,710,233	11,405,984	11,098,357	12,996,563
Public safety	20,486,227	20,359,951	20,706,962	21,217,452	22,389,057	22,655,239
Public works	7,001,379	7,041,562	6,424,763	6,132,641	6,286,480	7,204,534
Culture and recreation	11,614,329	12,160,356	11,875,903	11,951,546	12,111,397	11,092,198
Debt service:						
Principal retirement	3,577,937	4,315,000	3,600,000	3,720,000	2,000,000	2,596,859
Interest and fiscal agent charges	789,523	962,417	1,212,169	773,819	752,555	997,079
Issuance costs		249,042	5,553	108,637	182,333	223,842
Loss due to decline in market value		4,827,791	292,511	134,227		
Capital outlay	11,078,507	4,756,442	3,499,651	3,712,822	1,862,907	7,496,911
Total expenditures	64,485,970	64,844,547	57,327,745	59,157,128	56,683,086	65,263,225
Deficiency of revenues under expenditures	(14,420,308)	(13,662,797)	(5,881,227)	(9,651,902)	(5,021,513)	(12,197,686)
OTHER FINANCING SOURCES (USES)						
Transfers in	6,408,490	6,044,968	8,547,367	5,007,593	4,837,912	8,517,400
Transfers out	(3,058,190)	(3,226,768)	(4,335,967)	(1,619,093)	(1,764,412)	(3,284,800)
Certificates of obligation issued		10,000,000				
General obligation refunding and improvement bonds issued		7,160,000		7,035,000	9,500,000	15,810,000
Premiums on debt issued		142,956		19,057	648,755	924,244
Payment to refunded bond escrow agent		(2,073,612)		(6,950,250)		
Discount on refunded bonds						
Sale of capital assets/insurance recoveries	97,485	88,059	491,084	1,569,531	797,381	114,535
Total other financing sources	3,447,785	18,135,603	4,702,484	5,061,838	14,019,636	22,081,379
Net change in fund balances	(10,972,523)	4,472,806	(1,178,743)	(4,590,064)	8,998,123	9,883,693
Debt service as a percentage of noncapital expenditures	7.38%	8.87%	8.85%	8.28%	5.19%	6.09%

(1) Fiscal year 2010 was restated with implementation of GASB Statement 61 in fiscal year 2011.

Fiscal Year			
2015	2016	2017	2018
$ 24,536,084	$ 26,330,398	$ 28,416,586	$ 30,016,868
13,363,544	13,639,841	13,936,336	14,618,441
2,728,631	2,959,667	2,892,655	2,849,666
4,411,259	4,309,598	4,255,212	4,207,394
1,289,826	2,236,280	3,481,586	4,949,033
1,680,095	1,427,801	2,024,453	5,016,007
5,001,160	5,407,761	5,487,380	6,280,213
3,034,885	3,125,094	3,176,432	2,737,338
4,496	1,152		276
1,591,991	1,651,645	1,447,475	1,787,154
584,312	503,153	676,535	327,232
279,221	194,356	744,394	623,672
58,505,504	61,786,746	66,539,044	73,413,294
12,880,704	13,447,135	14,173,367	13,541,524
23,117,436	24,353,622	25,600,823	25,364,483
7,145,553	7,378,781	8,458,117	9,298,814
11,746,205	12,923,543	12,997,256	13,029,696
3,450,000	3,930,000	4,605,000	5,481,000
1,531,742	1,437,739	1,380,656	1,256,017
	96,628		429,311
11,716,646	7,269,438	7,588,292	10,955,111
71,588,286	70,836,886	74,803,511	79,355,956
(13,082,782)	(9,050,140)	(8,264,467)	(5,942,662)
6,528,075	7,860,588	9,715,107	7,827,000
(2,477,275)	(3,095,788)	(4,984,107)	(3,129,100)
	2,545,000		10,515,000
			13,540,000
	149,083		1,337,311
709,764	87,438	315,166	1,171,523
4,760,564	7,546,321	5,046,166	31,261,734
(8,322,218)	(1,503,819)	(3,218,301)	25,319,072
8.29%	8.65%	8.97%	9.90%

CITY OF FARMERS BRANCH, TEXAS

ESTIMATED ACTUAL AND ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	RESIDENTIAL PROPERTY			COMMERCIAL PROPERTY		
	ESTIMATED ACTUAL VALUE	LESS: TAX EXEMPTIONS	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	LESS: TAX EXEMPTIONS	ASSESSED VALUE
2009	$ 1,230,445,290	$ 336,926,429	$ 893,518,861	$ 2,649,217,110	$ 543,942,277	$ 2,105,274,833
2010	1,231,622,730	340,746,718	890,876,012	2,601,976,410	493,392,278	2,108,584,132
2011	1,202,295,560	352,180,154	850,115,406	2,506,603,830	527,024,423	1,979,579,407
2012	1,168,520,280	346,341,819	822,178,461	2,404,857,560	479,255,392	1,925,602,168
2013	1,161,499,680	341,105,378	820,394,302	2,426,759,830	480,107,916	1,946,651,914
2014	1,172,509,100	339,997,399	832,511,701	2,500,245,200	425,834,837	2,074,410,363
2015	1,219,899,590	348,502,483	871,397,107	2,811,101,750	491,719,476	2,319,382,274
2016	1,282,165,920	358,024,345	924,141,575	3,043,315,820	498,804,477	2,544,511,343
2017	1,406,460,670	393,903,858	1,012,556,812	3,281,998,130	528,879,342	2,753,118,788
2018	1,552,573,710	442,604,793	1,109,968,917	3,423,020,660	512,810,029	2,910,210,631

Source: Dallas Central Appraisal District

Note: Property in the city is reassessed at least every three years. Property is assessed at actual value; therefore, the assessed values are equal to actual value less exemptions. Tax rates are per $100 of assessed value.

BUSINESS-PERSONAL PROPERTY			TOTAL			
ESTIMATED ACTUAL VALUE	LESS: TAX EXEMPTIONS	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	LESS: TAX EXEMPTIONS	ASSESSED VALUE	TOTAL DIRECT TAX RATE
$ 1,213,451,110	$ 192,437,313	$ 1,021,013,797	$ 5,093,113,510	$ 1,073,306,019	$ 4,019,807,491	$ 0.4945
1,536,661,570	407,846,378	1,128,815,192	5,370,260,710	1,241,985,374	4,128,275,336	0.5195
1,229,699,030	289,896,502	939,802,528	4,938,598,420	1,169,101,079	3,769,497,341	0.5295
1,066,425,480	182,416,255	884,009,225	4,639,803,320	1,008,013,466	3,631,789,854	0.5295
1,101,684,660	180,498,255	921,186,405	4,689,944,170	1,001,711,549	3,688,232,621	0.5295
1,151,040,340	212,570,787	938,469,553	4,823,794,640	978,403,023	3,845,391,617	0.5531
1,275,747,640	250,286,356	1,025,461,284	5,306,748,980	1,090,508,315	4,216,240,665	0.6023
1,454,961,470	384,016,188	1,070,945,282	5,780,443,210	1,240,845,010	4,539,598,200	0.6023
1,361,283,370	274,149,744	1,087,133,626	6,049,742,170	1,196,932,944	4,852,809,226	0.6023
1,305,089,180	223,283,131	1,081,806,049	6,280,683,550	1,178,697,953	5,101,985,597	0.6023

CITY OF FARMERS BRANCH, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(UNAUDITED)

	CITY DIRECT RATES			OVERLAPPING RATES (1)				
FISCAL YEAR	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT (2)	CARROLLTON - FARMERS BRANCH I.S.D.	DALLAS I.S.D.	DALLAS COUNTY	DALLAS COUNTY HOSPITAL	DALLAS COUNTY COMMUNITY COLLEGE
2009	$ 0.4423	$ 0.0522	$ 0.4945	$ 1.3623	$ 1.1834	$ 0.2330	$ 0.2540	$ 0.0894
2010	0.4516	0.0679	0.5195	1.3422	1.2713	0.2333	0.2740	0.0949
2011	0.4892	0.0403	0.5295	1.3469	1.2378	0.2531	0.2710	0.0992
2012	0.4873	0.0422	0.5295	1.3568	1.2903	0.2531	0.2710	0.0997
2013	0.4935	0.0360	0.5295	1.3306	1.2903	0.2530	0.2710	0.1194
2014	0.4987	0.0544	0.5531	1.3235	1.2821	0.2531	0.2760	0.1247
2015	0.5076	0.0947	0.6023	1.3033	1.2821	0.2531	0.2860	0.1248
2016	0.5139	0.0884	0.6023	1.2817	1.2821	0.2531	0.2860	0.1237
2017	0.5153	0.0870	0.6023	1.3917	1.2821	0.2524	0.2794	0.1229
2018	0.5177	0.0846	0.6023	1.3810	1.2821	0.2531	0.2794	0.1242

Source: Dallas Central Appraisal District

Notes:

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Farmers Branch. Not all overlapping rates apply to all city property owners; for example, although the county property tax rates apply to all city property owners, the Dallas Independent School District (ISD) rates apply only to the approximately 29.3% of city property owners whose property is located within that district's geographic boundaries.

(2) The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limits of State law, after which the city's residents may petition for a vote. Rates for debt service are set based on each year's debt requirements.

(3) Does not include Dallas ISD as school districts do not overlap each other.

TABLE 6

TOTAL (3)
$ 2.4332
2.4639
2.4997
2.5101
2.5035
2.5304
2.5694
2.5467
2.6487
2.6400

CITY OF FARMERS BRANCH, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX LEVIES
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	FARMERS BRANCH	CARROLLTON-FARMERS BRANCH I.S.D.	DALLAS I.S.D.	DALLAS COUNTY
2009	$ 19,877,948	$ 207,688,213	$ 972,477,527	$ 397,456,902
2010	21,446,390	200,119,142	1,012,347,453	385,705,977
2011	19,959,488	190,357,561	940,562,436	400,352,271
2012	19,230,327	188,452,360	963,386,876	393,607,404
2013	19,529,192	188,954,940	984,164,209	398,969,141
2014	21,268,861	198,050,007	1,026,191,861	415,485,244
2015	25,393,026	209,568,728	1,097,894,981	443,108,658
2016	27,340,502	218,265,231	1,185,157,319	476,309,394
2017	29,226,869	254,789,816	1,294,078,980	522,984,193
2018	30,727,576	273,015,046	1,390,841,756	561,435,880

Source: Dallas Central Appraisal District with exception of Carrollton-Farmers Branch I.S.D. In 2009, Carrollton-Farmers Branch I.S.D. began reporting their own values since the district spans multiple counties and appraisal districts began reporting only their portion of an entity's value if the entity overlaps jurisdictions.

DALLAS COUNTY HOSPITAL	DALLAS COUNTY COMMUNITY COLLEGE
$ 433,279,198	$ 158,692,823
453,330,805	163,641,621
428,980,078	162,905,820
421,898,213	161,373,615
427,773,967	196,713,575
453,602,530	214,160,553
501,250,455	228,116,786
540,475,266	243,935,893
581,286,539	266,184,338
622,295,974	284,192,691

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2018			2009		
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE (a)	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE (b)
70 Washington Street LP	$ 138,560,000	1	2.72%	$		
Southern Glazers Wine and Spirits	116,008,338	2	2.27%	57,408,590	6	1.43%
EOS Properties at Providence Towers	81,500,000	3	1.60%			
5005 LBJ Tower LLC	80,633,200	4	1.58%			
Garden Centura LP	76,100,000	5	1.49%			
Mercer Acquisition LLC	63,216,030	6	1.24%			
Lakeview at Parkside	62,500,000	7	1.23%	43,840,390	7	1.09%
CH Realty VI HC MF Dallas	58,138,870	8	1.14%			
GPIF International Plaza III LLC	57,015,000	9	1.12%			
AT&T Mobility LLC	53,068,170	10	1.04%			
TCI Park West Inc.				122,338,140	1	3.04%
Occidental Tower Corporation				96,980,480	2	2.41%
AT&T Communications (formerly Southwestern Bell/Cingular)				84,297,190	3	2.10%
Providence Towers LP				72,154,320	4	1.79%
Maxim				63,794,150	5	1.59%
Daltex Centre LP				40,747,350	8	1.01%
Realty Association Fund VIII LP				40,486,360	9	1.01%
Quebecor Printing				40,392,711	10	1.00%
	$ 786,739,608		15.43%	$ 662,439,681		16.47%

Source: Dallas County, "City Report of Property Value," City of Farmers Branch

Notes:
(a) Total taxable value October 1, 2017 (2018 fiscal year) is $5,101,985,597.
(b) Total taxable value October 1, 2008 (2009 fiscal year) is $4,019,807,491.

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ACTUAL LEVY YEAR	ORIGINAL LEVY (1)	SUBSEQUENT ADJUSTMENTS	TOTAL LEVY	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS/ (REFUNDS) IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
					CURRENT TAX COLLECTIONS	PERCENT OF TOTAL LEVY COLLECTED		TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TOTAL LEVY
2009	2008	$ 19,877,948	$ (476,747)	$ 19,401,201	$ 19,273,031	99.34%	$ 122,381	$ 19,395,412	99.97%
2010	2009	21,446,390	(179,439)	21,266,951	21,238,074	99.86%	20,891	21,258,965	99.96%
2011	2010	19,959,488	(459,788)	19,499,700	19,488,243	99.94%	1,386	19,489,629	99.95%
2012	2011	19,230,327	(282,733)	18,947,594	18,901,401	99.76%	26,333	18,927,734	99.90%
2013	2012	19,529,192	(221,564)	19,307,628	19,081,323	98.83%	209,373	19,290,696	99.91%
2014	2013	21,268,861	(49,742)	21,219,119	21,112,294	99.50%	66,488	21,178,782	99.81%
2015	2014	25,393,026	(299,960)	25,093,066	24,917,704	99.30%	110,980	25,028,684	99.74%
2016	2015	27,340,502	(378,254)	26,962,248	26,719,748	99.10%	166,430	26,886,178	99.72%
2017	2016	29,226,869	(574,959)	28,651,910	28,371,356	99.02%	109,270	28,480,626	99.40%
2018	2017	30,727,576		30,727,576	30,399,097	98.93%		30,399,097	98.93%

Source: Dallas County Tax Office

Notes:
(1) The original levy is as of July of the previous fiscal year and does not include any subsequent adjustments.

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	GENERAL OBLIGATION BONDS	DEVELOPER ADVANCES	TOTAL OUTSTANDING DEBT	TAXABLE ASSESSED VALUE	PERCENTAGE OF TAXABLE ASSESSED VALUE	ESTIMATED POPULATION (1)	DEBT PER CAPITA
Governmental Activities:							
2009	$ 14,765,000	$ 10,468,887	$ 25,233,887	$ 4,019,807,491	0.63%	31,100	$ 811
2010	27,380,000	8,668,887	36,048,887	4,128,275,336	0.87%	28,616	1,260
2011	26,780,000	8,118,887	34,898,887	3,769,497,341	0.93%	28,600	1,220
2012	26,223,841	7,868,887	34,092,728	3,631,789,854	0.94%	28,620	1,191
2013	25,343,073	7,468,887	32,811,960	3,688,232,621	0.89%	28,800	1,139
2014	24,469,997	7,007,028	31,477,025	3,845,391,617	0.82%	29,660	1,061
2015	24,043,644	6,557,028	30,600,672	4,216,240,665	0.73%	30,350	1,008
2016	23,607,291	5,727,028	29,334,319	4,539,598,200	0.65%	30,480	962
2017	23,165,938	4,437,028	27,602,966	4,852,809,226	0.57%	31,560	875
2018	59,135,530	2,401,028	61,536,558	5,101,985,597	1.21%	31,590	1,948

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates with the exception of 2010, which is based on the 2010 U.S. Census.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND	TOTAL	TAXABLE ASSESSED VALUE	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	ESTIMATED POPULATION (1)	PER CAPITA
2009	$ 14,765,000	$ 223,766	$ 14,541,234	$ 4,019,807,491	0.36%	31,100	$ 468
2010	27,380,000	571,245	26,808,755	4,128,275,336	0.65%	28,616	937
2011	26,780,000	1,906,300	24,873,700	3,769,497,341	0.66%	28,600	870
2012	26,223,841	221,898	26,001,943	3,631,789,854	0.72%	28,620	909
2013	25,343,073	243,741	25,099,332	3,688,232,621	0.68%	28,800	872
2014	24,469,997	258,606	24,211,391	3,845,391,617	0.63%	29,660	816
2015	24,043,644	232,113	23,811,531	4,216,240,665	0.56%	30,350	785
2016	23,607,291	926,091	22,681,200	4,539,598,200	0.50%	30,480	744
2017	23,165,938	488,376	22,677,562	4,852,809,226	0.47%	31,560	719
2018	59,135,530	725,906	58,409,624	5,101,985,597	1.14%	31,590	1,849

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates with the exception of 2010, which is based on the 2010 U.S. Census.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2018
(UNAUDITED)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE OVERLAPPING (1)	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Carrollton - Farmers Branch Independent School District	$ 178,785,000	15.38%	$ 27,497,133
Dallas Independent School District	2,817,050,000	1.85%	52,115,425
Dallas County Hospital District	687,775,000	2.15%	14,787,163
Dallas County Community College District	228,350,000	2.15%	4,909,525
Dallas County	172,265,000	2.15%	3,703,698
Valwood Improvement Authority	11,130,000	38.44%	4,278,372
Dallas County Schools	36,600,000	2.15%	786,900
Subtotal, overlapping debt	4,131,955,000		108,078,216
City direct debt (2)	61,536,558	100.00%	61,536,558
Total direct and overlapping bonded debt	$ 4,193,491,558		$ 169,614,774
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)		3.32%	
Per capita overlapping bonded debt		$ 5,374.36 (3)	

Source: Municipal Advisory Council of Texas

Notes:

(1) The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values. The share of market value for Carrollton/Farmers Branch ISD, Dallas ISD and Valwood Improvement Authority is calculated by the Dallas Central Appraisal District (DCAD) once every two years as these boundaries overlap within the City. (Source: Municipal Advisory Council of Texas)

(2) The City direct debt includes General Obligation Refunding Bonds, Taxable Series 2011, in the amount of $4,184,585, which are being paid from amounts received under the Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P. and Certificates of Obligation, Series 2018 related to the Camelot Landfill project, for $5,453,159, which are being paid from a sale of land and an increase in royalty revenue from the landfill. The City direct debt also includes bond premiums/discounts and developer advances.

(3) Based on North Central Texas Council of Governments (NCTCOG) population estimate.

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ESTIMATED POPULATION (1)	MEDIAN AGE (2)	PER CAPITA INCOME (2)	PERSONAL INCOME (3)	UNEMPLOYMENT RATE % (4)
2009	31,100	38.2	$ 27,153	$ 844,458,300	8.4%
2010	28,616	36.4	29,073	831,952,968	8.0%
2011	28,600	36.2	28,715	821,249,000	7.7%
2012	28,620	37.6	29,623	847,810,260	6.2%
2013	28,800	35.9	27,545	793,296,000	5.8%
2014	29,660	36.8	26,703	792,010,980	5.2%
2015	30,350	36.1	29,573	897,540,550	3.6%
2016	30,480	36.7	30,054	916,045,920	3.9%
2017	31,560	35.9	31,053	980,032,680	3.6%
2018	31,590	35.9	30,993	979,068,870	3.3%

Sources/Notes:

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates with the exception of 2010, which is based on the 2010 U.S. Census.

(2) Median Age and Per Capita Income data provided by U.S. Census Bureau's American Community Survey - 5 Year Estimates, with the exception of 2010, which is based on the 2010 U.S. Census.

(3) Personal Income is derived by multiplying per capita income by the estimated population.

(4) Unemployment Rate % provided by Bureau of Labor Statistics.

The following information is provided by the U.S. Census Bureau based on 2010 census information.

Households:	10,797	Male:	14,075
Families:	6,923	Female:	14,541

Racial Breakdown

White	21,017
Black	1,365
American Indian	206
Asian or Pacific Islander	1,261
Other	4,767

Source: U.S. Census Bureau

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2018			2009 [1]		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Federal Government - Internal Revenue Service	1,200	1	1.53%	1,200	3	1.60%
Feizy	1,170	2	1.49%			
Moni Smart Security (aka Monitornics or Brinks Home Security)	1,100	3	1.40%			
Anserteam LLC	1,001	4	1.28%			
Telvista	1,000	5	1.28%	1,500	5	2.00%
TD Industries	900	6	1.15%			
Haggar Clothing Company	750	7	0.96%			
IBM Corporation	700	8	0.89%	4,200	1	5.60%
Encore Enterprises, Inc.	650	9	0.83%			
Glazer's Wholesale Drug Company	650	9	0.83%			
JPMorgan Chase Investment Services				2,390	2	3.19%
GEICO				1,167	4	1.56%
Brookhaven College				620	6	0.83%
Iidon Security Associates				588	7	0.78%
Ameripath North Texas				581	8	0.77%
Stanley Works, Inc.				520	9	0.69%
Fannie Mae				500	10	0.67%
Texas Hospital for Advanced Medicine (previously RHD)				500	10	0.67%
	9,121		11.64%	13,766		18.36%

Sources:

North Central Texas Council of Governments (NCTCOG) provides total employment estimates, which have a four-year lag. For 2018 estimated total employment is 78,393 and for 2009 estimated total employment was 75,013. (See NCTCOG 2030 Demographic Forecast and Demographic Data for Farmers Branch for further information.) The NCTCOG report is adjusted by the City of Farmers Branch finance department for businesses closed or moved prior to the reporting year.

Note:
(1) Employers with the same number of employees are ranked the same, which may result in the reporting of more than 10 employers.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Full-time Equivalent Employees as of September 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
General government	66.16	65.74	62.85	62.85	66.01	65.65	72.14	73.60	74.21	69.31
General administration	6.35	7.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	6.00
Communications	4.22	4.22	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Economic development	1.00	1.00	1.00	2.50	2.74	3.24	3.00	3.00	3.00	2.00
Human resources	6.67	6.00	6.00	5.00	6.00	7.00	7.00	7.47	6.47	7.75
Finance	25.00	25.00	24.00	24.00	25.18	23.48	24.48	28.24	29.38	18.21
Information services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.89
Community services	22.75	22.35	23.70	23.20	23.94	24.70	28.00	26.19	27.00	20.00
Other	0.17	0.17	0.15	0.15	0.15	0.23	2.66	1.70	1.36	1.46
Public safety	195.91	196.04	194.76	195.63	195.71	196.84	198.15	199.11	184.49	189.42
Police	113.04	113.04	113.00	115.04	115.04	115.04	116.32	115.85	100.85	102.60
Fire	80.50	80.63	79.67	78.50	78.58	78.60	78.19	79.37	79.38	82.70
Other	2.37	2.37	2.09	2.09	2.09	3.20	3.64	3.89	4.26	4.12
Public works	45.97	44.97	31.62	29.62	29.62	32.01	32.17	35.43	36.90	45.79
Engineering	13.00	13.00	9.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public health/sustainability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.17
Public works	30.00	29.00	20.00	27.00	27.00	28.00	31.00	34.17	35.17	24.00
Other	2.97	2.97	2.62	2.62	2.62	4.01	1.17	1.26	1.73	1.62
Culture and recreation	121.52	109.60	87.21	84.64	86.33	82.99	101.91	103.35	103.77	106.99
Parks	97.31	85.39	84.47	82.47	83.91	80.43	98.86	98.80	99.81	102.87
Library	21.25	21.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tourism	1.07	1.07	1.07	0.50	0.75	0.00	0.00	0.00	0.00	0.00
Other	1.89	1.89	1.67	1.67	1.67	2.56	3.05	4.55	3.96	4.12
Water and sewer	25.00	26.00	20.75	21.66	21.88	25.88	27.17	27.76	27.89	27.88
Water and sewer	25.00	26.00	20.75	21.66	21.88	25.88	26.46	27.00	27.00	27.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.71	0.76	0.89	0.88
Fleet & Facilities	1.07	1.07	0.94	0.94	0.94	1.47	0.24	0.31	0.27	0.27
Fleet & Facilities	1.07	1.07	0.94	0.94	0.94	1.47	0.24	0.31	0.27	0.27
Total	455.63	443.42	398.13	395.34	400.49	404.84	431.78	439.56	427.53	439.66

Source: City of Farmers Branch Finance Department

Notes: Information is reported from mid-year amended budgets. In 2018, Information Services was separated from Finance and Public Health & Sustainability was separated from Public Works.

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Public safety						
Police						
Number of authorized full-time employees	110	110	110	112	112	112
Number of authorized sworn officers	74	75	75	74	74	74
Number of violations (citations)	18,723	20,208	16,068	16,537	14,124	15,629
Fire						
Number of authorized full-time employees	81	80	79	78	78	78
Number of EMS runs	2,206	2,058	2,168	2,234	2,470	2,357
Number of fire runs	1,127	1,178	1,482	1,468	1,552	1,495
Public works						
Street reconstruction (lane-miles)	0.7	0.0	0.7	0.5	0.0	0.0
Street resurfacing (lane-miles)	33.7	0.0	0.0	0.0	0.0	2.9
Culture and recreation						
Parks						
Recreation memberships sold (basic)	1,320	1,378	1,571	1,376	1,286	824
Recreation memberships sold (fitness)	819	862	944	966	1,015	813
Total pool admissions [1]	12,620	9,037	10,792	9,457	8,446	0
Visits to Historical Park	48,348	65,013	78,002	61,288	86,309	60,406
Library						
Volumes borrowed	461,525	435,085	247,676	360,582	347,092	352,076
Volumes in library collection	148,878	159,754	138,959	135,345	131,452	135,173
Water and sewer						
Average daily water consumption (thousands of gallons)	8,106	7,888	8,754	8,354	7,718	7,458
Number of water consumers	9,428	9,471	9,472	9,492	9,572	9,628
Total water purchased (thousands of gallons)	2,958,699	2,879,109	3,195,188	3,049,124	2,817,138	2,722,003

Sources: Various City departments.

(1) Total pool admissions have been restated for fiscal years 2015 and 2016 to include all pool admissions. Previously, only daily-pass holders were included in the count.

Fiscal Year			
2015	2016	2017	2018
113	113	98	100
74	74	74	76
13,332	10,948	13,095	11,612
78	79	79	81
2,589	2,887	2,878	2,854
1,601	1,823	1,759	1,843
1.4	1.2	2.8	0.0
22.0	9.6	1.0	11.5
1,347	1,364	1,442	1,866
1,019	1,055	1,059	1,191
51,547	40,963	61,847	68,309
85,799	95,847	109,785	102,413
343,592	303,513	274,219	191,735
137,586	136,953	132,602	116,238
7,743	8,048	7,084	7,901
9,729	9,770	9,770	9,937
2,826,124	2,937,377	2,585,683	2,883,997

CITY OF FARMERS BRANCH, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year					
	2009	2010	2011	2012	2013	2014 (1)
General government						
Number of general government buildings	1	1	1	1	1	1
Public safety						
Number of police stations	1	1	1	1	1	1
Number of patrol units	14	16	16	16	15	15
Number of fire stations	3	3	3	3	3	3
Public works						
Streets (lane miles)	411	411	411	411	411	411
Number of traffic signals	54	59	58	58	58	55
Landfill capacity (million cubic yards)	24.5	24.5	24.5	24.5	24.5	24.5
Culture and recreation						
Acreage	392	392	392	392	392	392
Number of parks	31	31	31	31	31	31
Number of playgrounds	13	13	13	13	13	13
Number of aquatic centers	1	1	1	1	1	0
Recreation center	1	1	1	1	1	1
Senior center	1	1	1	1	1	1
Library	1	1	1	1	1	1
Historical park	1	1	1	1	1	1
Utilities						
Water mains (miles)	173.4	210.0	210.0	203.0	203.0	206.6
Number of fire hydrants	2,002	2,026	2,018	2,085	2,012	2,012
Storage capacity (millions of gallons)	21.5	21.5	21.5	21.5	21.5	21.5
Sanitary sewers (miles)	140.8	158.0	158.0	162.0	162.0	165.9
Storm sewers (miles)	103	104	104	104	104	104

Sources: Various City departments.

Note:
(1) The City's pool was demolished and construction in 2014 and a new aquatic center was completed in 2015.

Fiscal Year			
2015	2016	2017	2018
1	1	1	1
1	1	1	1
15	15	19	19
3	3	3	3
411.5	412.0	413.1	420.5
55	55	55	56
24.5	24.5	53.2	53.2
392	392	450	450
31	31	28	28
13	13	13	13
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
206.6	201.3	202.4	211.3
2,041	2,093	2,171	2,229
21.5	21.5	21.5	21.5
166.0	152.9	162.8	166.7
112	112	112.5	118.2

SCHEDULE OF INSURANCE POLICIES IN FORCE
SEPTEMBER 30, 2018
(UNAUDITED)

POLICY ISSUED BY	AM BEST RATING	POLICY NUMBER	POLICY PERIOD	COVERAGE	DEDUCTIBLES	LIABILITY LIMITS	
Texas Municipal League Intergovernment Risk Pool	A++	04687	10/1/2017 9/30/2018	General Liability	$ 50,000	$ 2,000,000	
				Property	5,000	118,569,676	
				Auto Liability	25,000	1,000,000	
				Auto Physical Damage	2,500	Per Schedule	
				Law Enforcement Liability	25,000	1,000,000	
				Errors & Omissions	50,000	1,000,000	
				Mobile Equipment	5,000	2,835,377	
				Workers' Compensation	N/A	350,000	*(SIR)
				Animal Mortality (K-9)	0	As scheduled.	
The Hartford Casualty Insurance Company	A+	61BSBDB5615	10/1/2017 9/30/2018	Fidelity Bond for Finance Director	2,500	250,000	
Great American Alliance Insurance Company	A+	9951170	10/1/2017 9/30/2018	Underground Storage Tank	5,000	1,000,000	
Munich Re/American Alternative	A+	33A2ES0000266-03	1/1/2018 12/31/2018	Stop Loss Coverage	125,000	1,000,000	

Source: City of Farmers Branch Risk Manager

Notes: Claims Administrators - Workers' Compensation, TML Claims, 18601 LBJ Freeway, Suite 210, Town East Tower, Mesquite, Texas 75150.
* (SIR) "Self Insured Retention"

TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ACTUARIAL VALUE OF ASSETS [1]	ACTUARIAL ACCRUED LIABILITY [2]	FUNDED RATIO	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	ANNUAL COVERED PAYROLL (ACP)	UAAL AS A PERCENTAGE OF ACP	TOTAL TMRS REQUIRED CONTRIBUTION RATE	CURRENT SERVICE PORTION OF TMRS RATE	PRIOR SERVICE PORTION OF TMRS RATE	SUPPLEMENTAL DEATH PORTION OF TMRS RATE
2009	$ 82,917,572	$ 125,793,750	65.92%	$ 42,876,178	$ 26,427,295	162.24%	20.95%	11.89%	8.88%	0.18%
2010	89,792,751	134,608,501	66.71%	44,815,750	27,175,162	164.91%	22.30%	12.25%	9.90%	0.15%
2011 [3]	158,506,492	190,757,068	83.09%	32,250,576	27,316,388	118.06%	22.48%	12.55%	9.75%	0.18%
2012	167,716,459	198,231,012	84.61%	30,514,553	25,307,120	120.58%	19.26%	12.43%	6.71%	0.12%
2013	176,561,067	204,295,430	86.42%	27,734,363	24,893,319	111.41%	19.93%	12.73%	7.07%	0.13%
2014 [4]	187,181,205	222,656,259	84.07%	35,475,054	24,632,123	144.02%	19.62%	12.93%	6.56%	0.13%
2015	197,669,030	227,880,390	86.74%	30,211,360	25,406,973	118.91%	19.09%	9.57%	9.39%	0.13%
2016	207,096,211	236,830,239	87.45%	29,734,028	25,797,164	115.26%	17.75%	9.52%	8.10%	0.13%
2017	215,338,872	246,516,870	87.35%	31,177,998	26,888,911	115.95%	18.37%	10.17%	8.07%	0.13%
2018	225,823,161	256,692,932	87.97%	30,869,771	28,061,102	110.01%	18.73%	10.13%	8.46%	0.14%

Source: Texas Municipal Retirement System

Notes:

(1) Actuarial value of assets is calculated using 10-year smoothing.

(2) As of December 31 of the preceding year, the date of the actuarial valuation. The actuarial accrued liability was calculated using the Projected Unit Credit actuarial funding method for fiscal years 2009 to 2013 and Entry Age Normal actuarial funding method for fiscal years 2014 to 2015. Fiscal year 2009 and forward actuarial accrued liability adjusted for plan changes adopted effective January 1, 2010.

(3) Fiscal years 2011 and forward include the impact of Senate Bill 350 enacted by the Texas Legislature in June 2011. This legislation provided a restructuring of the Texas Municipal Retirement System funds effective December 31, 2010. Previously reported amounts included only Employee Savings Fund and Municipal Accumulation Fund, but excluded the City's portion of the Current Service Annuity Fund (CSARF) in which costs for all retirees were shared. The legislation eliminated CSARF returning both liabilities and assets for retirees to the respective employer accounts.

(4) Fiscal year 2014 includes an update to the mortality table used to determine the annuity purchase rate.

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CONTINUING FINANCIAL DISCLOSURE SECTION
(Unaudited)

The Continuing Financial Disclosure Section presents various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of the fiscal year ending on or after September 30, 1999. The financial tables that follow are updated through September 30, 2018, from the last debt issues that were sold May of 2018. This financial information is also sent to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the Securities and Exchange Commission ("SEC").

VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION DEBT
(UNAUDITED)

2018/2019 Market Valuation Established by DCAD			$ 6,791,559,810
Less Exemptions/Reductions at 100% Market Value:			
Totally Exempt Parcels		$ 491,532,570	
Homestead		250,755,198	
Freeport		186,693,660	
Over 65		144,712,539	
Capped Value Loss		114,718,126	
Agricultural		15,850,767	
Disabled Persons		8,286,029	
Veteran 100% Disabled		2,308,115	
Disabled Veterans		791,500	
Prorated Total Exempt		219,671	
Under 500		43,430	
Pollution Control		9,631	
Mineral Rights		1,400	
Total Exemptions			1,215,922,636
2018/2019 Net Taxable Assessed Valuation			$ 5,575,637,174
City Funded Debt Payable from Ad Valorem Taxes			$ 59,135,530
Less: Self Supporting Debt			
Series 2011 General Obligation Refunding Bonds	(1)		4,184,585
Series 2018 Certificates of Obligation - Landfill Project	(2)		5,453,159
Net General Obligation Debt Payable from Ad Valorem Taxes			$ 49,497,786
General Obligation Interest and Sinking Fund			725,906
Ratio of Gross General Obligation Tax Debt to Taxable Assessed Valuation			1.061%
Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation			0.888%

2018 Estimated Population -	31,590
Per Capita Taxable Assessed Valuation -	$176,500
Per Capita Funded Debt Payable from Ad Valorem Taxes -	$1,567

Notes:

(1) This debt consists of General Obligation Refunding Bonds, Taxable Series 2011, which are self-supporting based upon amounts received under a Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P., with respect to the Dallas Stars Ice Skating facility located in the City. Payments under the Lease are not pledged to the payment of the bonds. If the City determines not to use payments under the Lease, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations.

(2) This debt consists of the portion of the Certificates of Obligation, Series 2018, for the Camelot Landfill project which are expected to be self-supporting from an increase in royalty revenue and a sale of land at the landfill. If the City determines not to use these revenue sources, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations.

TAXABLE ASSESSED VALUATIONS BY CATEGORY
(UNAUDITED)

	2019		2018		2017	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$ 1,776,936,430	26.16%	$ 1,539,465,050	24.51%	$ 1,395,614,810	23.07%
Real, Residential, Multi-Family	739,090,620	10.88%	534,056,470	8.50%	458,368,110	7.58%
Real, Vacant Lots/Tracts	234,535,830	3.45%	176,784,830	2.81%	143,621,570	2.37%
Real, Commercial	2,697,663,820	39.72%	2,681,541,630	42.70%	2,648,485,190	43.78%
Real, Industrial	16,230,810	0.24%	32,224,060	0.51%	31,169,630	0.52%
Real, Oil, Gas, and Other Mineral Reserves	1,400	0.00%	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	100,775,320	1.48%	106,363,970	1.69%	100,864,550	1.67%
Tangible Personal, Commercial	1,052,406,710	15.50%	1,070,555,300	17.05%	1,078,783,290	17.83%
Tangible Personal, Industrial	173,918,870	2.56%	139,690,840	2.22%	192,833,620	3.19%
Total Appraised Value Before Exemptions	6,791,559,810	100.00%	6,280,683,550	100.00%	6,049,742,170	100.00%
Less: Total Exemptions/Reductions	1,215,922,636		1,178,697,953		1,196,932,944	
Taxable Assessed Value	$ 5,575,637,174		$ 5,101,985,597		$ 4,852,809,226	

	2016		2015	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$ 1,272,752,460	22.02%	$ 1,210,895,940	22.83%
Real, Residential, Multi-Family	430,845,050	7.45%	350,905,990	6.62%
Real, Vacant Lots/Tracts	144,057,380	2.49%	130,138,330	2.45%
Real, Commercial	2,438,358,260	42.18%	2,303,324,340	43.40%
Real, Industrial	29,620,730	0.51%	26,230,580	0.49%
Real, Oil, Gas, and Other Mineral Reserves	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	104,438,580	1.81%	103,200,440	1.94%
Tangible Personal, Commercial	1,051,389,880	18.19%	917,947,180	17.30%
Tangible Personal, Industrial	308,979,470	5.35%	264,104,780	4.98%
Total Appraised Value Before Exemptions	5,780,443,210	100.00%	5,306,748,980	100.00%
Less: Total Exemptions/Reductions	1,240,845,010		1,090,508,315	
Taxable Assessed Value	$ 4,539,598,200		$ 4,216,240,665	

Notes:

Valuations shown are certified taxable assessed values reported by the Dallas Central Appraisal District (DCAD) to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the DCAD updates records.

VALUATION AND GENERAL OBLIGATION DEBT HISTORY
(UNAUDITED)

FISCAL YEAR	ESTIMATED POPULATION (1)	TAXABLE ASSESSED VALUATION	TAXABLE ASSESSED VALUATION PER CAPITA (2)	G.O. TAX DEBT OUTSTANDING AT END OF YEAR (3)	RATIO OF G.O. TAX DEBT TO TAXABLE ASSESSED VALUATION (2)	G.O. TAX DEBT PER CAPITA (2)(3)
2015	30,350	$ 4,216,240,665	$ 138,921	$ 29,557,288	0.70%	$ 974
2016	30,480	4,539,598,200	148,937	28,684,582	0.63%	941
2017	31,560	4,852,809,226	153,765	27,801,876	0.57%	881
2018	31,590	5,101,985,597	161,506	59,135,530	1.16%	1,872
2019	31,590	5,575,637,174	176,500	55,232,993	0.99%	1,748

Notes:

(1) Based on North Central Texas Council of Governments original population estimates with the exception of the current fiscal year, which is a projection and 2010, which is based on the 2010 U.S. Census.

(2) As reported by the Dallas Central Appraisal District on the City's Annual State Property Tax Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt Series 2010 General Obligation Refunding and Improvement Bonds (refunding portion), Taxable Series 2011 General Obligation Refunding Bonds, and Series 2018 Certificates of Obligation for the Camelot Landfill project.

TAX RATE, LEVY, AND COLLECTION HISTORY
LAST FIVE FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	TAX RATE	GENERAL FUND	I & S FUND	TOTAL ADJUSTED TAX LEVY	% CURRENT COLLECTIONS	% TOTAL COLLECTIONS
2014	$ 0.5531	$ 0.4987	$ 0.0544	$ 21,219,119	99.50%	99.81%
2015	0.6023	0.5076	0.0947	25,093,066	99.30%	99.74%
2016	0.6023	0.5139	0.0884	26,962,248	99.10%	99.72%
2017	0.6023	0.5153	0.0870	28,651,910	99.02%	99.40%
2018	0.6023	0.5177	0.0846	30,727,576	98.93%	98.93%

TEN LARGEST TAXPAYERS
FISCAL YEAR 2019
UNAUDITED

TAXPAYER	NATURE OF PROPERTY	TAXABLE VALUE	PERCENTAGE OF TOTAL CERTIFIED TAXABLE VALUE
Southern Glazers Wine and Spirits	Spirit and Wine Distribution	$ 114,065,600	2.05%
Dallas International Parkway	Office Tower - Class A	113,500,000	2.04%
EOS Properties at Providence Towers	Office Tower - Class A	86,000,000	1.54%
Garden Centura LP	Office Tower - Class A	79,650,000	1.43%
5005 LBJ Tower LLC	Office Tower - Class A	78,037,530	1.40%
Mercer Acquisition LLC	Apartment Complex	75,000,000	1.35%
Lakeview at Parkside	Apartment Complex	65,780,000	1.18%
GPIF International Plaza III LLC	Office Tower - Class A	61,551,500	1.10%
EPC BRIC LLC	Real Estate - Office/Showroom	55,000,000	0.99%
Galleria Texas Partners LLC	Real Estate - Office/Showroom	54,000,000	0.97%
		$ 782,584,630	14.05%

Source: Dallas County, "City Report of Property Value," City of Farmers Branch. The total certified taxable value for the 2018-19 fiscal year is $5,575,637,174.

TAX ADEQUACY
(UNAUDITED)

2019 Principal and Interest Requirements (1)	$	5,947,377
$0.1078 Tax Rate at 99% Collection Produces		5,950,432
Average Annual Principal and Interest Requirements, 2019-2038 (1)	$	3,777,484
$0.0685 Tax Rate at 99% Collection Produces		3,781,118
Maximum Annual Net Principal and Interest Requirements, 2020	$	6,003,295
$0.1088 Tax Rate at 99% Collection Produces		6,005,630

Note:
(1) Includes Taxable Series 2011 General Obligation Refunding Bonds and Series 2018 Certificates of Obligation for the Camelot Landfill project.

CITY OF FARMERS BRANCH, TEXAS

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
(UNAUDITED)

FISCAL YEAR	OUTSTANDING DEBT (1) PRINCIPAL	INTEREST	TOTAL	LESS SELF-SUPPORTING DEBT (2)	NET DEBT SERVICE REQUIREMENTS
2019	$ 3,902,537	$ 2,044,840	$ 5,947,377	$ 1,765,324	$ 4,182,053
2020	4,342,537	1,883,295	6,225,832	1,839,839	4,385,993
2021	4,432,537	1,707,525	6,140,062	1,843,182	4,296,880
2022	4,612,537	1,522,332	6,134,869	1,837,642	4,297,227
2023	4,771,316	1,325,955	6,097,271	1,801,310	4,295,961
2024-2028	14,729,924	4,812,207	19,542,131	1,778,127	17,764,004
2029-2033	13,599,216	2,474,628	16,073,844		16,073,844
2034-2038	8,744,926	643,376	9,388,302		9,388,302
	$ 59,135,530	$ 16,414,158	$ 75,549,688	$ 10,865,424	$ 64,684,264

Notes:
(1) "General Obligation Bonds" do not include lease/purchase obligations.

(2) Self-Supporting Debt: Taxable Series 2011 General Obligation Refunding Bonds [average life of issue - 7.714 years] and Series 2018 Certificates of Obligation for Camelot Landfill project [average life of issue - 7.797 years].

TABLE CD-7

% OF PRINCIPAL RETIRED
6.60%
7.34%
7.50%
7.80%
8.07%
24.91%
23.00%
14.78%
100.00%

INTEREST AND SINKING FUND BUDGET PROJECTION
(UNAUDITED)

Interest and Sinking Fund, 9/30/18		$ 725,906	
Interest and Sinking Fund Tax Levy		4,275,800	
Commercial Rent		600,000	
Landfill Revenue		1,182,000	
Estimated Investment Income			$ 6,783,706
Less: Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/19	(1)		5,947,377
Estimated Balance 9/30/19			$ 836,329

Note:

(1) Includes Taxable Series 2011 General Obligation Refunding Bonds and Series 2018 Certificates of Obligation portion for Camelot Landfill project.

COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)

Stars Center Revenues [1]	$ 600,000
Landfill Revenues [2]	1,182,000
Less: Requirements for Taxable Series 2011 General Obligation Refunding Bonds	598,225
Less: Requirements for Series 2018 Certificates of Obligation for Camelot Landfill project	1,167,099
Balance Available for Other Purposes	$ 16,676

Notes:

(1) The Taxable Series 2011 General Obligation Refunding Bonds refunded Taxable Series 2004 Certificates of Obligation. The Taxable Series 2004 Certificates of Obligation were self-supporting general obligation debt based upon amounts received under the terms of a Ground Lease Agreement (the "Lease") between the City and the lessee, the Dallas Stars, L.P. (the "Dallas Stars"), which Lease relates to the community-style recreational ice-skating and conference facility financed in part with the proceeds of the Series 2004 Taxable Certificates. The obligation of the Dallas Stars to make lease payments to the City to support the payment of the bonds is dependent on the satisfaction of certain ongoing requirements in the Lease. If the lease payments discontinue, the City will be required to assess an ad valorem tax for the payment of the bonds.

(2) The Series 2018 Certificates of Oblgation related to the Camelot Landfill project is expected to be self-supported from an increase in royalty revenue from the landfill. If the landfill payments discontinue, the City will be required to assess an ad valorem tax for the payment of the bonds.

HOTEL/MOTEL TAX REVENUE
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	HOTEL/MOTEL TAX REVENUE	NUMBER OF ROOMS
2009	$ 1,974,308	2,137
2010	1,821,619	2,137
2011	2,017,818	2,137
2012	1,932,530	2,137
2013	2,253,459	2,137
2014	2,396,399	2,137
2015	2,728,631	2,137
2016	2,959,667	2,137
2017	2,892,655	2,137
2018	2,849,666	1,957

HOTEL OCCUPANCY TAXPAYERS
SEPTEMBER 30, 2018
(UNAUDITED)

HOTEL	NUMBER OF ROOMS	TAXES PAID	% OF TOTAL
Omni Dallas Hotel @ Park West	337	$ 834,514	29.28%
Sheraton Dallas Hotel by the Galleria	317	443,035	15.55%
Doubletree by Hilton Dallas Near the Galleria	290	529,644	18.59%
Wyndham Garden Dallas North	350	322,930	11.33%
Doubletree by Hilton Dallas-Farmers Branch	160	308,237	10.82%
Fairfield Inn	106	146,087	5.13%
Motel 6	103	74,346	2.61%
Days Inn North Dallas	51	64,004	2.25%
Extended Stay America	80	39,404	1.38%
Super 8 North Dallas	50	43,785	1.54%
Econolodge Dallas Airport North	110	41,987	1.47%
El Mio	0	416	0.01%
Lakeview at Parkside	2	536	0.02%
Villas at Parkside	1	669	0.02%
Chateau DeVille Apartments	0	72	0.00%
	1,957	$ 2,849,666	100.00%

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	2018 [1]	2017	2016	2015 [2]	2014
REVENUES:					
Program revenues:					
Charges for services	$ 14,497,565	$ 10,968,502	$ 10,129,251	$ 10,075,529	$ 8,740,882
Operating grants and contributions	719,367	600,602	349,473	335,647	552,131
Capital grants and contributions	6,471,947	560,197	253,844	401,271	98,600
General revenues:					
Taxes:					
Property taxes, levied for general purposes	25,617,820	24,509,410	22,191,443	20,727,595	18,886,710
Property taxes, levied for debt service	4,309,918	4,291,764	3,926,612	3,903,953	2,075,008
Sales and use taxes	14,618,441	13,936,336	13,639,841	13,363,544	13,430,485
Hotel/motel taxes	2,849,666	2,892,655	2,959,667	2,728,631	2,396,399
Franchise taxes	4,248,862	4,224,063	4,314,745	4,429,370	4,472,748
Tax increment financing	4,934,111	3,484,012	2,183,186	1,350,636	855,286
Investment income	1,787,154	1,447,475	1,664,659	1,591,991	1,872,535
Gain on sale/retirement	17,136	59,927		124,938	36,873
Total revenues	80,071,987	66,974,943	61,612,721	59,033,105	53,417,657
EXPENSES:					
General government	16,174,829	16,573,789	14,578,536	12,623,901	13,133,503
Public safety	25,966,603	26,982,151	25,223,791	22,025,873	22,147,916
Public works	12,433,845	304,447	9,262,380	9,414,374	11,683,321
Culture and recreation	13,864,483	14,415,728	14,084,036	12,588,417	11,820,723
Interest on long-term debt	2,812,608	2,217,026	2,359,900	2,344,088	2,141,082
Unallocated depreciation	272,867	277,305	273,962	126,464	126,464
Total expenses	71,525,235	60,770,446	65,782,605	59,123,117	61,053,009
Change in net position before transfers	8,546,752	6,204,497	(4,169,884)	(90,012)	(7,635,352)
Transfers	4,227,900	3,616,184	4,174,000	3,469,420	5,232,600
Change in net position	12,774,652	9,820,681	4,116	3,379,408	(2,402,752)
Net position--beginning	80,479,261	73,535,259	73,531,143	70,151,735	88,192,647
Net position--ending	$ 93,253,913	$ 83,355,940	$ 73,535,259	$ 73,531,143	$ 85,789,895

(1) The fiscal year 2018 governmental activities (Net position - beginning) were restated with implementation of GASB Statements 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

GENERAL FUND REVENUE AND EXPENDITURE HISTORY
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	2018	2017	2016	2015	2014
REVENUES					
Property, sales, and franchise taxes	$ 44,470,529	$ 42,287,059	$ 40,260,831	$ 38,333,869	$ 36,856,882
Licenses and permits	5,016,007	2,024,453	1,427,801	1,680,095	930,443
Charges for services	6,257,776	5,487,380	5,407,761	5,001,160	4,522,186
Fines and forfeitures	1,821,404	2,253,046	2,255,213	2,200,215	2,363,647
Investment income	811,617	677,892	733,970	707,195	616,125
Intergovernmental	250,000	150,000	150,000	200,000	250,196
Miscellaneous	119,488	239,474	66,178	75,774	56,238
Total revenues	58,746,821	53,119,304	50,301,754	48,198,308	45,595,717
EXPENDITURES					
General government	13,176,510	14,056,036	13,259,030	12,197,959	12,007,232
Public safety	24,612,190	24,668,699	23,309,501	22,351,409	21,983,787
Public works	8,609,423	7,624,993	6,898,308	6,473,060	6,473,144
Culture and recreation	11,156,834	11,121,976	11,013,500	10,074,366	9,474,411
Loss due to decline in market value					
Total expenditures	57,554,957	57,471,704	54,480,339	51,096,794	49,938,574
Deficiency of revenues under expenditures	1,191,864	(4,352,400)	(4,178,585)	(2,898,486)	(4,342,857)
OTHER FINANCING SOURCES (USES)					
Transfers in	5,203,200	6,604,107	5,748,574	4,780,744	4,659,600
Transfers out	(1,820,000)	(1,125,000)	(1,485,000)	(1,115,000)	(1,100,000)
Sale of capital assets/insurance recoveries	1,170,523	315,166	87,438	609,764	114,535
Total other financing sources	4,553,723	5,794,273	4,351,012	4,275,508	3,674,135
Net change in fund balance	5,745,587	1,441,873	172,427	1,377,022	(668,722)
Fund balances--beginning	14,330,478	12,888,605	12,716,178	11,339,156	12,007,878
Fund balances--ending	$ 20,076,065	$ 14,330,478	$ 12,888,605	$ 12,716,178	$ 11,339,156

MUNICIPAL SALES TAX HISTORY
LAST FIVE FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	TOTAL COLLECTED	% OF AD VALOREM TAX LEVY	EQUIVALENT OF AD VALOREM TAX RATE	PER CAPITA
2014	$ 13,430,485	63.15%	$ 0.3493	$ 452.81
2015	13,363,544	52.63%	0.3170	440.31
2016	13,639,841	49.89%	0.3005	447.50
2017	13,936,336	47.68%	0.2872	441.58
2018	14,618,441	47.57%	0.2865	462.76

The sales tax breakdown for the City is as follows:

Dallas Area Rapid Transit (DART)	1.00¢
City Sales and Use Tax	1.00¢
State Sales and Use Tax	6.25¢
Total	8.25¢

CURRENT INVESTMENTS
SEPTEMBER 30, 2018
(UNAUDITED)

DESCRIPTION OF INVESTMENT	% OF PORTFOLIO	PURCHASE PRICE	MARKET VALUE
Federal Home Loan Bank Notes	4.93%	$ 3,450,000	$ 3,443,278
Municipal Obligations	47.84%	33,465,000	33,410,367
TexPool	23.13%	16,143,664	16,143,664
US Treasury Bill	24.12%	17,100,000	16,842,112
	100.00%	$ 70,158,664	$ 69,839,421

HISTORICAL WATER AND WASTEWATER USAGE
LAST FIVE FISCAL YEARS
(UNAUDITED)

	WATER USAGE AMOUNT IN GALLONS (000)			WASTE WATER CONSUMPTION AMOUNT IN GALLONS (000)
FISCAL YEAR	TOTAL CONSUMPTION	PEAK DAY	AVERAGE DAY	TOTAL USAGE
2014	2,722,003	15,017	7,458	1,172,130
2015	2,826,124	16,822	7,743	1,300,202
2016	2,937,377	13,105	8,048	1,732,552
2017	2,585,683	12,800	7,084	1,712,000
2018	2,883,997	13,962	7,901	1,549,501

Note: Total consumption represents total gallons of water purchased by the City.

TOP TEN WATER CONSUMERS
SEPTEMBER 30, 2018
(UNAUDITED)

CONSUMER	TYPE OF INDUSTRY	2017-18 CONSUMPTION (GALLONS)	% OF TOTAL CONSUMPTION	2017-18 REVENUES	% OF REVENUES
Qorvo Texas LLC	Real Estate	40,255,000	1.4%	$ 275,561	1.8%
Boxer F2 LP	Multi-Family Housing	29,515,000	1.0%	211,783	1.4%
Dallas County Community College	Education	28,167,000	1.0%	194,432	1.3%
Brookhaven Country Club	Recreation	25,003,000	0.9%	165,017	1.1%
Fenton Mercer Hold Co	Real Estate	23,830,000	0.8%	163,164	1.1%
FB Creek Partners (Cooks Creek Apts)	Multi-Family Housing	23,606,000	0.8%	175,270	1.1%
Ventana at Valwood, MMH Mgmt	Multi-Family Housing	23,120,000	0.8%	164,101	1.1%
Waters Edge Apartments	Multi-Family Housing	22,676,000	0.8%	193,147	1.2%
DFW Mercer Apartments LLC	Multi-Family Housing	22,261,000	0.8%	186,034	1.2%
Lakeview at Parkside	Multi-Family Housing	20,426,000	0.7%	206,659	1.3%

Source: City of Farmers Branch Finance Department

MONTHLY WATER AND SEWER RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

	WATER RATES				SEWER RATES		
	MONTHLY	RATE PER 1,000 GALLONS			MONTHLY	RATE PER 1,000 GALLONS	
FISCAL YEAR	BASE 2,000 GALLONS	NEXT 8,000 GALLONS	NEXT 10,000 GALLONS	OVER 20,000 GALLONS	BASE 2,000 GALLONS	NEXT 8,000 GALLONS (1)	OVER 10,001 GALLONS (1)
2009	$ 11.69	$ 3.17	$ 3.57	$ 3.71	$ 12.22	$ 1.66	$ 1.66
2010	11.69	3.17	3.57	3.71	12.22	1.66	1.66
2011	11.69	3.17	3.57	3.71	12.22	1.66	1.66
2012	11.69	3.17	3.57	3.71	12.22	1.66	1.66
2013	12.04	3.27	3.68	3.82	12.59	1.71	1.71
2014	12.76	3.47	3.90	4.05	13.35	1.81	1.81
2015	14.29	3.89	4.37	4.54	14.95	2.03	2.03
2016	16.44	4.47	5.03	5.22	17.19	2.33	2.33
2017	17.92	4.87	5.48	5.69	18.74	2.54	2.54
2018	19.75	5.40	6.05	6.30	20.65	2.80	3.80

Notes:
Rates are based on 3/4" and 5/8" meters, which are the standard household meter sizes. The City charges an additional rate for non-standard meter sizes.
(1) Private residents are not charged for sewer beyond 10,000 gallons.

CONDENSED STATEMENT OF WATER AND SEWER SYSTEM OPERATIONS
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	2018	2017	2016	2015	2014
REVENUES					
Charges for services	$ 23,719,987	$ 19,943,106	$ 18,487,283	$ 16,628,580	$ 14,571,539
Investment income	72,068	32,834	28,760	20,022	17,915
Miscellaneous	98,751	20,069	298,127	170,335	4,865
Total revenues	23,890,806	19,996,009	18,814,170	16,818,937	14,594,319
EXPENSES					
Personal services	2,004,824	2,169,120	2,083,890	1,863,285	1,827,081
Materials and supplies	267,072	251,666	237,884	248,384	273,487
Maintenance and utilities	1,512,971	1,424,595	1,792,642	1,201,099	1,105,238
Purchase of water	6,084,328	5,598,144	5,414,578	4,752,025	4,551,492
Sewage treatment	4,833,069	4,260,938	3,125,687	2,648,002	2,326,525
Total expenses	14,702,264	13,704,463	12,654,681	10,712,795	10,083,823
Net available for debt service	$ 9,188,542	$ 6,291,546	$ 6,159,489	$ 6,106,142	$ 4,510,496
CUSTOMERS	9,937	9,770	9,770	9,729	9,628

Notes:
The above calculation of amounts available for payment of system debt service excludes non-cash expenses such as depreciation and amortization. Debt service payments are also excluded. Certain non-operating revenue sources, principally investment income, are included.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS
(UNAUDITED)

PURPOSE	DATE AUTHORIZED	AMOUNT AUTHORIZED	AMOUNT PREVIOUSLY ISSUED	UNISSUED BALANCE
Infrastructure	11/07/2017	$ 4,000,000	$	$ 4,000,000
Parks & Open Space	11/07/2017	7,000,000	4,000,000	3,000,000
Neighborhood Dev	11/07/2017	4,000,000	1,000,000	3,000,000
		$ 15,000,000	$ 5,000,000	$ 10,000,000